

**The Evolving Geopolitical Relations of Nigeria and China:
What is the impact of the Nigeria-China trade and direct investment
on the Nigerian economy?**

By

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Abstract

This paper examines the growing economic relations between Nigeria and China with the aim of providing more information on the true impacts of their bilateral trade expansion on the Nigerian economy, both at the domestic and international level through the lenses of authors of various literature reviews.

In order to perform this assessment, this paper will examine the history of Chinese penetration into Nigeria and its industries in comparison to other Western investors. This research evaluates current trade statistics between both countries. Data was collected mainly from secondary sources.

Nigeria and China have had a longstanding relationship founded on a strategic partnership to promote a South-South cooperation, development and growth of their economies. The conclusion is that there is a neo classical dependency theory that Chinese growth and development model is beneficial for the Nigerian economy and China's expansion in Africa is not a new form of colonialism. However, Nigeria needs to create more employment opportunities for its local population by reducing the number of the Chinese workers through a process of skills and acquisition transfer.

Table of Content	Page
List of Tables and Figures	3
List of Abbreviations and Acronyms	4
Chapter I. Introduction	6
Chapter II. Country Overview: Nigeria	11
Chapter III. Literature Review	16
A. The Evolution of the Nigeria-China Partnership	16
B. Comparison of Time Periods	19
C. Nigeria-China Foreign Policies and Trade	35
a. Economic Impacts	43
b. Foreign Direct Investment (FDI)	47
Chapter IV. Theoretical Analysis of Findings.....	49
A. Assessment of the Quality of New Infrastructure	54
B. Why Is Africa The “Go To” Continent For Foreign Investors?	56
Chapter V. Discussions, Conclusion and Recommendations	60
References	64

List of Tables and Figures

Table 1	Reported opinions about “China’s Path of Development”	Page 28
Table 2	Reported opinions about “How Much of China’s and Africa’s Interests are in Common?”	Page 29
Table 3	Reported opinions about “Some People Say China Practices Neo-Colonialism in Africa”	Page 29
Table 4	Reported opinions about “China is Just in Africa for Natural Resources”	Page 29
Table 5	Reported Satisfactions with “Chinese Companies that Work on Large Projects in My Country”	Page 30
Table 6	Major Chinese Companies in Nigeria	Page 33
Table 7	Chinese Companies in the Nigerian Oil Sector	Page 33
Table 8	Major Agreements Between Nigeria and China (1997-2010)	Page 37
Table 9	Statistics of China’s Outward FDI to Nigeria (1999-2015)	Page 48
Table 10	Trade between Nigeria and China (in USD millions)	Page 50
Figure 1	Oil Production from 1998 – 2014	Page 13
Figure 2	China’s FDI flows to SSA from 2003-2007	Page 39
Figure 3	Foreign Direct Investments to Nigeria from 1999-2015	Page 48
Figure 4	Nigeria-China Bilateral Trade Statistics, 2000-2008 (USD millions)	Page 50

List of Abbreviations and Acronyms

AU	African Union
CCECC	China Civil Engineering Construction Corporation
CFR	Council on Foreign Relations
CGC	China Geo-Engineering Corporation
CNOOC	China National Offshore Oil Corporation
CNPC	China National Petroleum Company
CRCP	China Railway Construction Corporation
CSCEC	China State Construction Engineering Corporation
FAO	Food and Agricultural Organization
FDI	Foreign Direct Investment
FOCAC	Forum On China Africa Cooperation
FTZ	Free trade Zone
GDP	Gross Domestic Product
LFTZ	Lekki Free Trade Zone
MOU	Memorandum of Understanding
MNC	Multinational Company
MOFCOM	Ministry of Commerce of the People's Republic of China
NDPR	Niger Delta Petroleum Resources
NNOC	Nigerian National Oil Corporation
NNPC	Nigerian National Petroleum Corporation
NRC	Nigerian Railway Corporation

OGFTZ	Ogun Guangdong Free Trade Zone
OML	Oil Mining Lease
OPL	Oil Prospecting License
OECD	Organisation of Economic Co-Operations and Development
OGFTZ	Ogun Guangdong Free Trade Zone
PRC	People's Republic of China
SOE	State Owned Enterprise
SEZ	Special Economic Zone
SEPCO	Electric Power Construction Corporation
SINOMA	China National Materials Group Corporation
SINOPEC	China Petroleum and Chemical Corporation
SSA	Sub-Saharan Africa
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
ZTE	a Chinese Multinational Telecommunications and Equipment Systems Company

Chapter I: Introduction

Nigeria is a resource-endowed country with a young and growing diverse population. Nigeria has a potential for growth but needs a country like China whose economic, political and diplomatic goals are similar to provide investments for development. China on the other hand, is a dynamic and emerging economy that has attained economic independence and growth. China has been able to provide Nigeria with low-interest loans, bilateral trade policies, and foreign aid (technical and humanitarian).

Nigeria has the largest economy in Africa while China is the world's second largest economy.¹ China's bilateral trade and economic partnerships with African countries can be traced back to the early 1900s. However, China and Nigeria did not establish diplomatic relations and economic partnerships until 1971. Prior to the establishment of these diplomatic relations; Nigeria and China had a trifling foreign direct investment (FDI), bilateral relation and diplomatic exchange.² After Nigeria's independence in 1960, Nigeria and China did not have any form of diplomatic relations or economic partnership until 1971 because prior to that period, China was in support of the Biafra war and provided weapons.³ There are some possible reasons for this partnership in the year mentioned previously. First, it was in 1971 that the Nigerian oil industry was nationalized. Nigeria joined the Organization of Petroleum Exporting Countries in accordance with the declaration of the organization and as a result, in 1977, the Nigerian National Petroleum Corporation (NNPC) (formerly known as the Nigerian National Oil

¹"China/Nigeria: Commentary: China, Nigeria have Good Chance to Expand Win-Win Cooperation." Asia News Monitor Jul 11 2013. ProQuest. Web.

²Ahmed-Yusuf, Raliat. China-Nigeria Diplomatic Relations at 45: Towards A Win-Win Future. Feb, 25, 2016. <http://www.leadership.ng/features/504269/china-nigeria-diplomatic-relations-45-towards-win-win-future>

³Cafiero, Giorgio. China and Nigeria: Neo-Colonialism, South-South Solidarity, or Both? http://www.huffingtonpost.com/daniel-wagner/china-and-nigeria-neocolo_b_3624204.html

Corporation) was established.⁴ This portrayed the Nigerian oil industry as credible industry with regulation and supervision of fiscal policy that enables it express total control over this industry. Secondly, in the quest for more resources to securitize their energy, China started offering “unconditional” development aid to African countries. Both countries perceived this as effort to strengthen a global South-South cooperation to enable both countries achieve their economic and development goals. Additionally, in the same year (1971) Nigeria supported China’s bid to represent East Asia at the United Nations (U.N.). Since then, China has become a major export destination for goods from the Nigerian market.

In Nigeria, China’s focus is on the oil and gas, manufacturing, transport, water and power sectors,⁵ however, their initial investment was limited in the agricultural sector, which is one of the potential sectors of the Nigerian economy which can expand the job market for this oil dependent economy. Nigeria imports machinery, chemical and manufactured goods from China. Also, the country exports petroleum and its products, rubber, cocoa and some other agricultural products.⁶ As of 2013, Nigeria exported approximately 57% of crude petroleum and 27% of petroleum gas to China. The export value from Nigeria to China reached \$899M USD while the import value from China to Nigeria was \$9.53B USD.⁷ This shows a strong negative balance, thus a trade deficit for Nigeria because they are importing at a higher value than they are receiving in exports to China. Nigeria imported mineral working tools, machineries, rubber, motorcycles, generators and even vehicle parts.⁸

⁴ <https://www.mbendi.com/indy/oilg/af/ng/p0005.htm>

⁵ “China, Nigeria: Jonathan hails Nigeria/China trade relations.” Mena Report 8 Jan. 2014. Academic OneFile. Web.

⁶ CIA Factbook, Nigeria.

⁷ Alexander Simoes. The Observatory of Economic Complexity, <http://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/nga/chn/show/2013/>

⁸ Ibid.

The trade volume after their diplomatic agreements was approximately \$2.2 billion USD.⁹ This placed Nigeria as China's fourth largest bilateral trade partner in the continent of Africa. In 2011 - 2012, the trade value of China and Nigeria reached \$5 billion. China's exports and imports with Nigeria respectively reached \$4 billion and \$828 million.¹⁰ Since the beginning of China's agreements with Nigeria, China has maintained continuous efforts in increasing their FDI in various sectors of Nigeria. This increasing presence of China in Nigeria has spurred infrastructure development, job creation, education advancement and others that will enhance economic development.

Nigeria and China seem to have common characteristics – Cultural dimension, foreign relations and trade. Also, they share the same economic goals and challenges and have a mutually beneficial partnership. For example, both countries have large populations with many Nigerians are present in China and vice versa. Both countries have a global south-south relationship and it influences the uniformity in their approach to global politics. China provides domestic and international support to Nigeria, such as voting alike on issues at the United Nations (U.N). China and Nigeria have the potential to merge their ideas for practical cooperation by exploring new ways and areas to advance their economies. For example, during the reign of President Obasanjo, Nigeria supported China's Anti-Secession Law and the one-child policy and their action for national reintegration due to their overpopulated condition.¹¹

However, the purpose of this paper is to examine the evolving relationship between Nigeria and China not just from 1971 and onward. This paper studies the evolving strategic

⁹"China, Nigeria Sign Economic Agreements, Seek "Strategic Partnership"." *BBC Monitoring Asia Pacific*: 1. Apr 14 2005. *ProQuest*. Web.

¹⁰"China-Nigeria Bilateral Trade Value Up 2.05% in H1." *China Business Newswire*. Jul 30 2012. *ProQuest*. Web.

¹¹*Ibid*.

partnership and other manifestations of both countries as they promote cooperation and development that indirectly and directly affects each other's economy; and China's achievements in comparison to other Western countries.

The main rationale behind this paper is to examine their diplomatic and economic relations and partnership given that Africa has become a hub for investments in order to access its oil and petroleum products to sustain China's growing economy. This paper will provide a country overview, discuss the evolution of the partnerships, compare time periods, review foreign policies of both countries, and trade. Additionally, the economic, social and political impacts China has on Nigeria's economy other than for self-interest will be discussed

This topic is worth exploring so that one can easily recognize and analyze the numerous opportunities that can be derived by Nigeria from its trade relations with China and if sub-Saharan African countries should do more business with China. Secondly, the paper will evaluate critic's claims that this South-South partnership is a new form of colonialism by China in Africa. Furthermore, it will examine the evolution of the country's trade during each regime and to explore trade policy focusing on the key sectors of its imports and exports to and from China.

This research paper is qualitative based in nature because the research methodology incorporates a number of secondary sources dealing with perceived impacts, costs, and benefits. These sources are from articles, peer-reviewed journals, books, new reports, blogs, and personal experience. Qualitative approach provides this paper with a lot of options and angles to examine the topic in question. This paper consists of literature reviews to determine what areas research

had formerly been conducted on the Nigeria-trade relation and the impact on the Nigerian economy. A descriptive analysis approach was conducted for this study to analyze data and information. The global competitiveness index report was adopted as the basis of comparison between Nigeria and China.

From my point of view, I seek to make a contribution to the existing literature regarding the China-Nigeria economic and diplomatic relations on the Nigerian economy by examining the importance of China's ongoing presence in Nigeria and how this relationship is (or is not) beneficial to Nigeria's quest for economic independence and continuous growth. Additionally, this paper will determine whether China is acting in a neo-colonial manner or is a threat to other Western development interests in Sub-Saharan Africa.

Chapter II: Country Overview – Nigeria

The African continent is a very productive region for China to invest.

“Chinese companies have been building roads, railways, schools and hospitals in the West African country, making life there much easier and business climate more attractive to foreign investors.”¹²

A. Economy

Nigeria is Africa’s largest economy with a real gross domestic product (GDP) of approximately \$1.1 trillion USD. Its currency is the naira (₦). Since the emergence of the country Nigeria in the early 19th century, groundnut had been the major source of revenue to the country. These groundnuts were stored in sack bags, which were eventually stacked in pyramid-like structures. These structures could be found in the Northern cities in the country, as the climate and soil were suitable for its cultivation. However, since the discovery of oil in Oloibiri, in 1956¹³, oil has been a primary resource and source of revenue for the country, overshadowing agricultural exports like groundnut and leading to a sharp decline in the diversity of Nigeria’s economy. This discovery of oil has been a major source of the country’s economy; it has had a detrimental effect to the inhabitants of the lands.

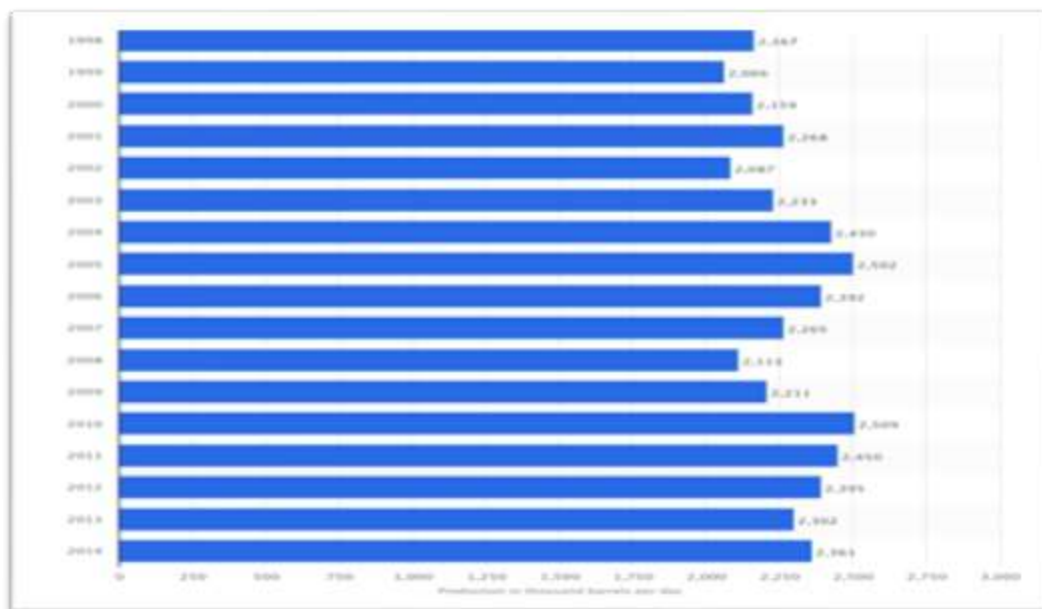
In 1970, there was a major oil spill in Ogoniland in the south-east region of the country that led to thousands of gallons being spilt on farmland and rivers, ultimately led to fine imposed on Shell (a MNC) about 30 years later in a Nigerian court.¹⁴ According to the Nigerian government, there were more than 7,000 spills between 1970 and 2000.

¹²Ibid

¹³Organization of Petroleum Exporting Countries (OPEC). http://www.opec.org/opec_web/en/about_us/167.htm

¹⁴Vidal, J. (2000). *Nigeria fines Shell £26m for 1970 spill. the Guardian*. Retrieved from <<http://www.theguardian.com/business/2000/jun/27/9> >

Due to these unfortunate events, the oil rich region also known as the Niger Delta has suffered underdevelopment ever since the discovery of oil. As a result of lack of effective institutions such as the legislature, companies have exploited the region as they have failed to adhere to the environmental laws thus causing environmental pollution, which has resulted in many deaths and diseases. These shortcomings have led to agitations from different quarters. Consequently, this gave birth to the up rise of environmental activists, which led to massive nonviolent campaigns across the Niger delta region. These campaigns didn't solve the pressing issues as the leaders of these campaigns were arrested, tried and executed by the then military regime. While the companies and leaders thrived, the economy suffered due to inadequate monitoring by the government. Furthermore, several activists' groups sprang up after the inauguration of a democratic government headed by the then President Olusegun Obasanjo. These groups took to arms struggle and destroying of pipeline installations. The region was clouded with violence as the activists engaged in arms battle with the Nigerian armed forces. It discouraged foreign workers from working in the region and companies had to relocate due to the violence. These developments caused some fluctuations in the number of oil barrels produced over a period and affected the nation's economy for a short period of time as shown in **Figure 1**.

Figure 1: Oil Production from 1998 – 2014

Source: Statista, n.d.

The government in a bid to diversify the economy introduced the loaning scheme, which helped farmers and entrepreneurs. The government in 2014 introduced a project known as “YouWin”, an innovative business plan competition with a purpose of job creation by encouraging and supporting aspiring entrepreneurial youth in Nigeria to develop and execute business ideas. Furthermore, the government provided farmers with fertilizers at a subsidized rate to encourage large-scale farming.

Nigeria’s economic policies have also provided for vast investments in the telecommunication sector. Today, Nigeria has one of the fastest growing telecommunications markets in the world, major emerging market operators namely MTN, Etisalat, Zain and Globacom have their largest and most profitable centres in the country. The government has recently begun expanding this infrastructure and has a space satellite, which is monitored at the Nigerian National Space Research and Development Agency Headquarters in Abuja. These telecommunication giants have also provided services which have in one way or another assisted

in improving the economy. Internet for instance is accessible to the general public at the tip of their fingers unlike a few years ago when Nigerians had to visit the cafes in order to access the internet. A lot of youths through the internet have empowered themselves and gained awareness to several issues. All of which have helped boost the economy and the result is Nigeria being one of the fastest growing economies in the world.

B. Natural Resources

Apart from petroleum, Nigeria's other natural resources include natural gas, tin, iron ore, coal, and limestone, niobium, lead, zinc and arable land. The oil and gas sector accounts for about 35% of GDP, and petroleum exports revenue represents over 90% of total revenue. Nigeria is a number one crude petroleum and petroleum products producer in Africa and 10th in the World. China exports crude oil from Nigeria but this only constitutes of 1% to 2% of Nigeria's crude oil export, this is rather low.¹⁵ The upstream sector of the oil and gas industry also ranks as the most important segment in the Nigerian economy. The downstream segment is equally important as it accounts for about 5 refineries, "four of which are operated by the Nigerian government through the NNPC, while the fifth is owned and operated by Niger Delta Petroleum Resources (NDPR)". Due to poor management, sabotage and corruption there has been a low production of refined products. These refineries are situated in Port Harcourt, Kaduna, Warri and Eleme.

Mining which is also a major resource revenue generator for other countries is also available in Nigeria. Currently, mining contributes just 1% to Nigeria's GDP. Nigeria has significant coal and iron ore reserves as well several gold, uranium and tantalum mines. Uranium is found in 6 of the 36 states in Nigeria. Before the late 90's there was no ministry in place that

¹⁵Nigeria Trade Hub. (2016). *Nigeria Is Third Largest Trade Partner of China—Chinese Envoy*. Retrieved 1 from <<http://www.nigeriatradehub.gov.ng/News/tabid/98/entryid/32/nigeria-is-third-largest-trade-partner-of-china-chinese-envoy.aspx>

supervised mining activities so very little of its revenue was accounted for. In 1995, the Ministry of Solid Minerals Development was established and consequently committees were set up in the legislative arm to overlook the development of minerals.

C. Trade

Due to the favourable policies guiding the Nigerian market, a vast number of foreign investors have shown interest in investing in the Nigerian economy. Bilateral relations with so many countries have helped in boosting the economy. Over the years the United States had remained the largest customer (until China) for Nigeria's crude oil, which accounts for 40% of Nigeria's total export.

However, countries like China, United Kingdom, Germany, and the Netherlands also have strong economic ties with Nigeria and recently, China exceeded the value of the United States' trade. China was Nigeria's largest trading partner in the second quarter of 2015, but according to the Foreign Trade Statistics Report of the Nigerian Bureau of Statistics, Nigeria's total foreign trade value declined by about 0.5 percent. Nigeria's total value of imports from China during the period was ₦336.5 billion (22.5%) unlike the ₦143.6billion (9.6%) from United States, ₦115.4billion (7.7%) from India, ₦83.4billion (5.6%) from Belgium and ₦80.9billion (5.4%) from Netherlands.

Nigeria is also involved in a Bilateral Education Agreement (BEA) with Russia, Morocco, Algeria, Serbia, Hungary, Egypt, Turkey, Cuba, Romania, Ukraine, Japan, and Macedonia. This agreement offers scholarships to Nigerians interested in participating in the program. These countries pay the tuition while the Nigerian government only supports the students with monthly stipends.¹⁶

¹⁶Ibid., 13

Chapter III: Literature Review

In this chapter, the paper will examine the cause and effect of the dependent and independent variables of the research to determine the importance of the Nigeria-China trade on the Nigerian economy. In order to do this, there will be literature discussing the evolution of the Nigeria-China partnership, time periods in the Nigerian system, foreign policies and trade. Furthermore, there will be an explanation of the impacts of the economic and diplomatic relationship of both countries on their economies with the oil sector as the main focus. However, the broader debates about China's potential roles (neo-colonial vs. South-South solidarity) in Nigeria and other sub-Saharan African countries will be discussed later in chapter 5.

A. The Evolution of the Nigeria-China Partnership

This relationship between Nigeria and China is an important piece of world politics. According to Falola, this relationship is a great opportunity for both countries but comes with some challenges.¹⁷ China is an emerging superpower that is enthusiastic about giving aid to countries in Sub-Saharan Africa without any political constraints; however, they require an adherence to the "One China" policy as a requirement in its diplomatic relations with African countries, and this has not been a problem for Nigeria since 1971. One of the reasons why Nigeria established this strategic partnership with the People's Republic of China existed because China was actively recruiting support among UN General Assembly member states to vote in favour of Beijing taking the "China" seat at the UN (to replace the Taiwanese delegation that had held that seat from 1949) as the formal government of China, hence, Nigeria has

¹⁷Adekola, O. (2013). New perspectives to Nigeria's foreign policy towards China. *IOSR Journal Of Humanities And Social Science*, 6(5), p.3..

expressed support for China in many circumstances.¹⁸ For example: Nigeria supported Beijing's bid to represent all of China at the United Nations. Secondly, when China passed its Anti-Secession Law in 2005, President Olusegun Obasanjo expressed his support.

Nigeria's strategic partnership and economic diplomacy with emerging markets and huge economies such as China have also been dynamic. In addition to China's contribution in rehabilitating the Nigerian infrastructure, China has granted Nigeria a soft loan of \$500 million for the construction of a light rail in and around Abuja. China also made a donation of a hospital in Abuja, the Federal Capital Territory, which will be able to accommodate 50 beds.¹⁹ According to the United Nations World Investment report for 2012, the FDI inflows into Nigeria has increased over the years.

Trade Zones: Chinese Investment in Nigeria

Figure 3 and **Table 9** shows the increase in China's FDI to Nigeria between 1999-2006 to about \$5.5 million in 2006".²⁰ With the increase in FDI from China to Nigeria, some manufacturing and construction activities in the areas of strategic interest to China (infrastructure and service) occurred. Kajola Specialized Railway Industrial Free Trade Zone, Ofada Vee Tee Rice Limited, Ogun Guangdong Free Trade Zone (OGFTZ), China Town in Lagos and Lekki Free Trade Zone were constructed.²¹

Kajola Specialized Railway Industrial Free Trade Zone: To facilitate the development of State and increase FDI.

¹⁸OECD. Forty Years of Diplomatic Relations.p 4. <http://www.oecd.org/china/49814032.pdf>

¹⁹ Olugbenga, A. (2013). *Nigeria's Foreign Policy: New Realities In A Changing World, Articles | THISDAY LIVE*. *Thisdaylive.com*. Retrieved from <<http://www.thisdaylive.com/articles/nigeria-s-foreign-policy-new-realities-in-a-changing-world/144998/>>

²⁰Oyeranti, O, Babatunde. A, et al. Policy Brief. "The Impact of China-Africa Investment Relations: The Case of Nigeria". Nov. 2010. <http://dSPACE.africaportal.org/jspui/bitstream/123456789/32371/1/NigeriaPB8.pdf?1>

²¹Ibid.

Ofada Vee Tee Rice Limited: Supply of rice from local farmers to the processing company. Creates employment for rural livelihood.

Ogun Guangdong Free Trade Zone (OGFTZ): A project of two Chinese companies, namely Guangdong Xinguang International of Guangdong Province in China and China-Africa Investment Limited and the OGSG; also, a collaboration of the First Bank of Nigerian Plc who are to be engaged in moderate manufacturing activities.

China Town in Lagos: Approximately 120 shops of Chinese firms existing in the market.

Lekki Free Trade Zone (LFTZ): The primary objectives of the LFTZ are as follows: developing an offshore economic growth zone, attraction foreign investment, stimulate export, create employment, and establish a one-stop global business harbour in Nigeria. The LFTZ seems to be the most feasible and unique of all the trade zones.

Lekki is a city in the state of Lagos. In 2007, the state government signed a document of understanding with China, with representation from the Nanjing Jiangning Development Zone in Jiangsu Province and China Railway Construction Corporation. This led to the foundation of the LFTZ. The sole purpose of the LFTZ is to: 1) develop an offshore zone for economic growth, 2) attract more FDI for Nigeria, 3) increase of exports and job creation; and 4) the creation of a one-stop business port.

China began construction of better roads and provided adequate infrastructure such as functional water and sewage plants, and power plant to ensure constant supply of electricity. There is enough land available for industrial projects and the first phase consisted of the construction development on 3,000 hectares with a completion date of 2014.²² With over 20 investing companies interested, investors can easily supply raw materials for activities such as

²²Egbula, M., & Zheng, Q. (2011). West African Challenges - China And Nigeria: A Powerful South-South Alliance. *Sahel And West Africa*, 5.

agro-processing, clothing and textiles, food and beverages, forestry, mining and pharmaceuticals. The zone is intended to specialize in telecommunications, textiles, transportation equipment, and home appliances.²³ There are many incentives available to investors in the LFTZ and these are as follows: approximately 100 percent of foreign ownership of investment, one-stop approvals, zero import - export licenses, tax holidays, and unlimited remittances of capital and duty-free import of raw materials.²⁴

With the LFTZ being one of the largest trade free zones in West Africa. Nigeria is one of the primary investors in the LFTZ project with approximately 40% shares and handles important management roles.²⁵ However, other African countries that partner in this project have a small share and play very little role in its operation.

B. Comparison of Time Periods

This section is focussing attention on 1971 onwards (especially post 1989) for data reasons. The trade between China and Africa initially began in the late 1980s, after the Tiananmen massacre.²⁶ With the response of the Western powers criticizing China's human rights, China sought to establish closer ties with African countries (non-Western actors).²⁷ This means that preceding 1971, there were some interactions between Nigeria and China, however, there is not enough information available to supplement. As a result, this paper examines only a short period prior to 1971 followed by the period of 1971 and onward.

After most African countries had attained independence, between 1955-1977, China permitted about 15,0000 students per year to study in their universities; also, China accounted for

²³Ibid., 16

²⁴Ibid.

²⁵Deborah Brautigam and Tang Xiaoyang (2009), *African Shenzhen: China's special economic zones in Africa*.

²⁶Tull, Dennis. *China's Engagement in Africa- Scope, Significance and Consequences*. P. 460

²⁷ Ibid.

approximately \$142 million of military equipment it sold to Africa.²⁸ In 1977, the trade volume between China and sub-Saharan Africa reached roughly \$817 million. And during the cold war in 1980s, when other Western actors were reducing their development aid to Africa, China was still a dependable source of aid.²⁹ In the early 2000s, the Forum on China-Africa Cooperation (FOAC) was created to hold official forums between the People's Republic of China and African states.

In 2005, during President Olusegun Obasanjo's reign, the policy approach for Nigeria and China was known as "Oil-for-infrastructure". This comprised of the exchange of Nigeria's oil in return for infrastructure improvement contracts by the Chinese. China and Nigeria signed five economic agreements for the purpose of seeking strategic partnership for the long-term.³⁰ The areas of agreements included investment, technical cooperation, telecommunications and others. According to President Obasanjo,

*"the two sides will improve cooperation in gas exploration, infrastructure construction and manufacturing industry to achieve common development."*³¹

Hence, this two-way investment will expand economic and trade cooperation.

Correspondingly, President Obasanjo stated that hopefully, both countries would work towards the improvement of a mutually beneficial cooperation in the areas of trade, investment, electric hydropower, railway and telecommunication construction, agriculture, and manufacturing. Therefore, there is a possibility that the global south-south cooperation of both countries will promote the creation of a rational new international political and economic order.³²

²⁸ <http://mondediplo.com/2005/05/11chinafrica>

²⁹ Ibid., 26.

³⁰ Ibid., 7

³¹ Ibid., 7

³² Ibid., 7

As the Chinese government mentioned, improving cooperation with Africa is a “strategic choice” for China.³³ This strategic choice of partnership is an understanding that China is prepared to work with African countries to promote a “new China-Africa strategic partnership”.³⁴ President Obasanjo of Nigeria and Hu of China concluded on taking appropriate measures to boost their two-way investments and improve a mutually beneficial cooperation through the expansion of economic and trade cooperation in energy/gas exploration, infrastructure construction and manufacturing industry.³⁵ And China is working towards that strategic partnership with Africa. The African Union (A.U) plays an important role in the quest of a stronger China-Africa relationship. In 2004, the then rotating Chairperson of the A.U. body³⁶, President Obasanjo acknowledged that China's support for the African continent in their struggle against colonialism and racial segregation³⁷ and in their quest to attain economic and social development will never go unrecognized. He went further and expressed his request that China will continuously support Nigeria, especially in regards to the fight against terrorism and instability.

In 2007, Umar Musa Yar'Adua became the President of Nigeria. He cancelled most of the oil-for-infrastructure policy projects previously signed by Obasanjo due to a lack of proper accountability and transparency.³⁸ However, the then Minister of State for Petroleum (Odein Ajumogobia), believed that the policy on “Oil for infrastructure” still existed despite the downplay of the Nigeria-China relationship. This goes to say that not a lot was accomplished during this regime in terms of the Nigeria-China economic relations.

³³Xinhua News Agency, China. China, Nigeria to Build Strategic Partnership. Apr. 15, 2005.
<http://www.china.org.cn/english/international/125893.htm>

³⁴Ibid., 31

³⁵Ibid., 31

³⁶<http://au.int/en/cpau>

³⁷Ibid.

³⁸Ibid., 16

In 2010, after the demise of President, Vice President Goodluck Jonathan took over as the interim President of Nigeria at the time. During this period there was a recovery in the diplomatic relationship as China declared a new plan for strategic partnership with Nigeria. This partnership was built on the grounds of enhancing mutual trust in order to promote strategic co-operation, culture exchange (due to the large population of China in Nigeria and vice versa), to promote political equality, between the South-South and South-North relations and a win-win economic cooperation in the area of infrastructure, oil, telecommunications and agriculture sector.³⁹

During the election of President Jonathan, China exported the ballot papers to Nigeria.⁴⁰ Additionally, according to news reports, China sent the Minister of Railways, Sheng Guangzu to attend the inauguration ceremony in May. This rekindled the relationship between both countries as they committed to improve economic development and strengthen bilateral relations under this regime.⁴¹ In 2013, China made a decision to address the problem of power shortage in Nigeria by making a large investment through the building of a hydro-dam and made provision of technical aid to support the agricultural sector.⁴² In 2014, President Goodluck Jonathan commended the phenomenal expansion of bilateral trade between both countries in recent years. President Jonathan maintained the relationship with China just like his predecessor.

In 2015, President Jonathan's successor, President Buhari acknowledged the Chinese for their long-term support and investments to Nigeria because it had protected their national security and the developing economy.⁴³ In Buhari's address during the 2015 Nigerian election,

³⁹Ibid., 16

⁴⁰Nigeria Presidential Election: 119 tonnes of ballot papers arrive from China, 14 April 2011. <www.punchontheweb.com>

⁴¹Nigerian President Jonathan meets with Chinese President's special envoy, 31 May 2011. <http://www.fmprc.gov.cn/mfa_eng/>

⁴²Ibid., 7

⁴³Ibid., 7

he put forth his agenda and described the challenges Nigeria was currently experiencing. Terrorism was a priority on the agenda followed by poor physical infrastructure, quality of education and unemployment. Given a long-standing win-win relationship, China is already providing assistance to Nigeria. Li Keqiang, the Chinese Premier made a pledge to Nigeria to assist in finding the 276 Chibok school girls that were abducted by the Boko Haram through the use of Chinese intelligence services⁴⁴ (Boko Haram is a terrorist group that started in the Northern region of Nigeria with the ideology of rejection towards western education). China also trained the Nigerian military force in anti-insurgency operations. With Chinese workers on infrastructure and energy-related projects being kidnapped in Nigeria countless times, China is working closely with Nigeria to strengthen its Chinese-Nigeria strategic partnership, reflecting the importance of their economic relations. Looking at the physical infrastructure transformation, China won its biggest foreign contract on the amount of \$12 billion with the Nigerian government to build another train system. This train system is said to run 871 miles from Lagos (West) to Calabar (East). These are just recent activities both against the discussions: a) against China's broader interest in the resources of Africa and their role in the rest of sub-Saharan Africa (perhaps, the argument on where Nigeria fits in China's policies and priorities) and b) recent activities against the earlier time periods immediately after the strategic partnership agreement.

Considering the fact that Africa is a continent with the largest amount of abundant natural resources, China has a longing for these resources as well as energy and gas to secure its economy. "China carefully embraces privatisation as Chinese State-owned enterprises (SOEs) and dominate sectors from telecommunications to energy."⁴⁵ China not only dominates SOEs in

⁴⁴Chinadaily.com.cn,. (2014). *China, UK to track abducted Nigerian girls*. Retrieved from <http://www.chinadaily.com.cn/world/2014livisitafrica/2014-05/08/content_17492465.htm>

⁴⁵Wildau, G. The Financial Times. "China cautiously embraces privatisation of state-owned enterprises". Sept. 25, 2015. <http://www.ft.com/intl/cms/s/0/69253d76-633c-11e5-97e9-7f0bf5e7177b.html#axzz43MiosAlP>

China but also in many countries e.g. sub-Saharan African countries. For example; in the mining industry, approximately 30 percent of the total mineral reserves in the world belongs to Africa, however, Chinese SOEs controls approximately 15 percent of the production.⁴⁶ This idea of privatisation is something stipulated by the Chinese government to secure shares in the key-industries of sub-Saharan African state-owned companies and is also something the governments accept even with the growing presence of China, especially because supply and demand are the major drivers of the investments of China. However, this trend of SOEs privatisation is not just limited to Africa and China but is expanding to Canada and Australia.⁴⁷ Telecommunication companies such as the Nigerian Telecommunications Limited were sold to a Hong Kong based Chinese Unicom known as the New Generation Telecoms Company (Trevor Johnson, May 28, 2010). China has been pursuing oil assets in African countries for many years now. As a result, in 2007, China signed an oil deal with Nigeria worth \$23 billion under the regime of President Jonathan. This deal was to facilitate the building of three fuel refineries and petrochemical power plants that would have doubled the expected domestic demand of barrels per day (bpd) – From 450, 000 to 900,000 bpd within the expected five-year period.⁴⁸ The three refineries were to be built in the state of Lagos (Nigeria’s commercial capital), Kebbi (North-east region) and Bayelsa (in the heart of the Niger Delta region).⁴⁹

Trevor Johnson observed that as of 2010, Nigeria has approximately \$4 billion state subsidy spent on imports of refined fuels due to the dilapidation of the refineries of its state.⁵⁰ With President Obasanjo launching the initiative for China to acquire oil blocks licenses in

⁴⁶Chintu, N. & Williamson, P. *Ivey Business Journal*. “Chinese State-Owned Enterprises in Africa: Myths and Realities” Apr. 2013. <http://iveybusinessjournal.com/publication/chinese-state-owned-enterprises-in-africa-myths-and-realities/>

⁴⁷Ibid., 44

⁴⁸Johnson, T. (2016). *China signs \$23 billion oil deal with Nigeria - World Socialist Web Site*. *Wsws.org*.

⁴⁹Ibid.,

⁵⁰Ibid., 30

Nigeria, the first round of bidding was in 2005 and it had 77 oil blocks to offer. China secured a stake in the Nigerian oil industry as they won four oil blocks in 2006 in return for a \$2 billion investment to restructure the oil refinery in Kaduna.⁵¹ In 2009, the China National Petroleum Corporation (SINOPEC) took over Addax Petroleum at a \$7.2 billion value. Sinopec, a Chinese oil and gas company based in Hong Kong has been responsible for making these pursuits for oil abroad. Another government company known as the China National Offshore Oil Corporation (CNOOC) bought approximately 6 billion barrels of the Nigerian oil reserves in 2009, during President Yar'Adua's tenure. Furthermore, CNOOC expressed their interest to invest on 23 offshore fields of Nigeria. These are fields where some of the "seven sisters" of oil – Shell; Chevron, ExxonMobil and Total presently operate. According to Trevor, the President of Nigeria at that time did not approve the proposal initially but later gave China an approval in the amount of \$30-50 billion.⁵² Shell D'Arcy (now Shell-BP) first discovered crude oil in Nigeria and made its first drill in 1956.⁵³ In 2005, Shell was the largest producer of oil in Nigeria with 40 percent of the total production followed by other partners Chevron, Exxon and Total.

As for China's involvement, in 2006 the CNOOC bought a 45 percent stake in Nigeria's offshore oil field worth \$2.27 billion and this was CNOOC's first major foreign investment in Africa.⁵⁴ Following that was a SINOPEC claim on oil rich offshore deep-water block in Angola worth \$2.4 billion. This became a turning point for China's oil acquisition as oil exports from the African continent reached 307,000 barrels per day (a tremendously increase from 132, 000 bdp) respectively from Angola, Sudan, Congo and Nigeria.⁵⁵ This project is possibly another approach

⁵¹ OECD. Forty Years of Diplomatic Relations. p 4. <http://www.oecd.org/china/49814032.pdf>

⁵²Ibid., 40

⁵³Nigerian National Petroleum Corporation. Mar., 19, 2016. History of the Nigerian Petroleum Industry. <http://www.nnpcgroup.com/NNPCBusiness/Businessinformation/OilGasinNigeria/IndustryHistory.aspx>

⁵⁴Ibid

⁵⁵Institute of Developing Economies – Japan External Trade Organization. China in Africa. http://www.ide.go.jp/English/Data/Africa_file/Manualreport/cia_07.html

for the Chinese government to establish and maintain close political ties with Nigerian state-owned oil companies in the energy, oil and gas sector decision making area. Fully aware that established multinational oil giants including Shell, Exxon Mobil and others are already present in Nigeria, China still bids for stakes in oil acquisition. “China has used a multi-pronged approach, with its state-owned oil companies such as CNOOC and SINOPEC buying shares in oil fields across the two countries (Angola and Nigeria), and the Chinese government both supporting these oil investments and making investments of its own in areas such as infrastructure, forgiving debts and offering large loans and grants to the governments and state oil companies.

Although there are some concerns by locals about the pressure and corruption the Chinese bring with them, their authority and sway continue to grow due to a strategy that maximizes their influence within the region.”⁵⁶ President Obasanjo actually extended an invitation to the Chinese in an effort to expand oil accumulation, revenues and increase Nigeria’s oil bargaining power in the midst of other foreign oil corporations dominate the Nigerian oil industry. Unlike the other oil giants, China assists Nigeria in infrastructure projects, aid provision to clear debts and soft loans. Infrastructure is something major that most African countries, especially Nigeria lack and if a Chinese oil giant such as CNOOC, SINOPEC and CNPC is providing that in exchange for shares in oil fields reserves, then this makes them unique from other established oil giants.

Furthermore, with China securing these franchises, they can assist Nigeria to maintain its refineries and keep the oil production and oil industry booming. In the event that Nigeria did not

⁵⁶Quigley, Sam. Chinese Oil Acquisitions in Nigeria and Angola. Jun. 1, 2014. <http://schools.aucegypt.edu/huss/pols/khamasin/Pages/article.aspx?eid=14>

approve of China's bid, China might have seen their trade as a one-way traffic and pulled out of many projects without completion.

Often times, China and its SOEs are depicted as the “new colonizers” of Africa, hence the negative connotation of the entry of the Chinese into the African oil industry. However, the reality of this is argued to be true and false (myth and reality). According to Stevenson, in 2006, the former British Foreign Secretary, Jack Straw said the “majority of what China is doing now in Africa is what we did over 150 years ago” while the US Secretary of State, Hilary Clinton stated “we do not want to see a new form of colonialism in Africa”⁵⁷ The criticism is based on the perceptions that the China's quest for oil in Africa is unjust and immoral in approach. Sautman and Hairong have described the actions of the Chinese as an “unbridled plunder of Africa's raw materials and natural resources” focused on viable interests. With the Chinese, there is no history of colonialism neither has China invaded other states recently. Rather China has provided support to developing countries in Africa to repay debts, improve infrastructure and increase exports.⁵⁸

In their 2009 article on “African Perspectives on China”, Sautman and Hairong conducted a survey with open-ended questions to know “what Africans think of their relationship with China”. Yes, surveys do have limitations but the conclusion is that; media constructs a totally different view from the reality of the situation. Hence, the view of most Africans is not as negative as media claims neither are they as positive as those of the Chinese sources. The common topics in the discussion of China-Africa relationship are – “Africans often speak of trade of primary products for Chinese manufactures, China building infrastructure in Africa,

⁵⁷Zhenxin, L. Institute of American Studies. “A Trilateral Dialogue on the United states, Africa and China. <http://www.brookings.edu/~media/Research/Files/Reports/2013/08/us-africa-china-trilateral-dialogue/All-China-Oil-Papers.pdf?la=en>

⁵⁸Sautman, B., & Hairong, Y.. (2009). African Perspectives on China-Africa Links. *The China Quarterly*, (199), p 32

Chinese migration to Africa, and solidarity on issues involving differences with Western powers (South-South solidarity)”.⁵⁹

The tables (1 through 5) below show the diverse results from a 2009 questionnaire of attitudes 250 African students and faculty members in Ghana, Nigeria, and Sudan. From data on the survey in **Table 3**, respectively 35, 24 and 43 percent of people in Ghana, Nigeria and Sudan disagree that China practices neo-colonialism in their countries. This could possibly translate to the fact that most people considered China as a development partner rather than a threat. In terms of the reported opinions in **Table 2** (how much of China and Africa’s interests are in common), I was a little surprised that only 2, and 8 percent respectively in Ghana and Nigeria agreed. It gives one room to question the need to keep doing business with China for years if interested are not aligned. **Table 1 and 5** show that China putting into consideration their country’s point of interest, Therefore, unlike the US, China is perceived to consider the national interest of these other countries.⁶⁰ The countries in this country are important because China has major investment contracts in at least two (Nigeria and Sudan) of them and their partnership has been in existence for over a decade.

Table 1: Reported opinions about “China’s Path of Development”

Country	Very Positive (%)	Somewhat positive (%)	Irrelevant (%)	Negative (%)	Don’t Know (%)	Number
Ghana	44.4	38.8	4.8	2.0	10.0	250
Nigeria	34.5	40.6	6.1	3.6	15.2	197
Sudan	44.0	40.5	4.4	6.3	4.8	252
Total	122.9	119.9	15.3	11.9	30	699

Source: Sautman and Hairong (2009)

⁵⁹Sautman, B, & Yan. African Perspectives on China-Africa Links. p.1

⁶⁰Ibid, p.5

Table 2: Reported opinions about “How Much of China’s and Africa’s Interests are in Common?”

Country	Most (%)	Many (%)	Some (%)	A Few (%)	None (%)	Don’t Know (%)	Number
Ghana	1.6	11.2	41.8	26.5	6.4	12.4	249
Nigeria	8.1	19.8	39.6	27.4	1.5	3.6	197
Sudan	36.9	23.8	22.6	8.7	0.8	7.1	252
Total	46.6	54.8	104	62.6	8.7	23.1	698

Source: Sautman and Hairong (2009)

Table 3: Reported opinions about “Some People Say China Practices Neo-Colonialism in Africa”

Country	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	Don’t Know (%)	Number
Ghana	2.4	10.4	28.0	35.6	6.8	16.8	250
Nigeria	5.1	10.8	28.7	24.6	5.1	25.6	195
Sudan	5.2	8.7	19.4	43.7	16.7	6.3	252
Total	12.7	29.9	76.1	103.9	28.6	199.9	697

Source: Sautman and Hairong (2009)

Table 4: Reported opinions about “China is Just in Africa for Natural Resources”

Country	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Don’t Know	Number
Ghana	8.8	20.8	27.2	35.2	1.6	6.4	250
Nigeria	6.6	23.4	27.4	26.4	8.6	7.6	197
Sudan	21.6	29.2	19.2	23.2	4.0	2.8	250
Total	37	73.4	73.8	84.8	14.2	16.8	697

Source: Sautman and Hairong (2009)

Table 5: Reported Satisfaction with “Chinese Companies that Work on Large Projects in My Country”

Country	Very Satisfied (%)	Satisfied (%)	Neutral (%)	Dissatisfied (%)	Very Dissatisfied (%)	Number
Ghana	8.9	53.7	32.5	4.9	.0	246
Nigeria	12.2	44.4	33.2	9.2	1.0	196
Sudan	23.1	48.6	17.1	7.2	4.0	251
Total	44.2	146.7	82.8	21.3	5.0	693

Source: Sautman and Hairong (2009)

President Goodluck Jonathan asserted control over the national oil company by conducting reforms. First, he discharged the then Minister of the Nigerian National Petroleum Corporation and audited the company. This reform led to the privatization of the national oil company, hereby indirectly creating more access to oil for China. Politics is a very complex topic, especially in Nigeria. With regards to oil, there is a lot of politics involved from the government down to the minority ethnic groups where this oil is extracted. These foreign companies might have a collision with the local opposition in the Niger Delta area, and it is up to the governing institution in Nigeria to appease the people by redistribution of oil wealth for peaceful trade to occur. With the change in regime leaders from the North and South, geopolitics will definitely take a different turn.

Observing that there are large revenues received from the extraction and processing of crude oil fuels Nigeria’s economy. The entry of MNCs into the Nigerian state-owned oil industry was as a result of China’s “new” scramble for African resources in the quest to expand their oil dependence. Also, it was a response to the demands of the ruling elites (comparador groups) to

increase the oil revenues, advance oil production technology, and expand markets and conditionalities for trade.⁶¹

The Niger Delta region of Nigeria holds the largest portion of oil reserves in the country, and there is a need to securitize this resource. Most Western superpowers intend on securing this resource for its own gains and capitalism. However, until recently, the US in particular has relied heavily on Nigeria as a source of oil from a non-volatile and non middle-eastern regime. Therefore, securitization of oil is key. The entry of the Chinese oil companies (CNPC, CNOOC, and Sinopec) into the oil rich Niger Delta environment is perceived as a threat to the local opposition and minority groups. This is because prior to the Chinese entry, previous Western actors have dilapidated the environment in the process of extracting oil and left the community in a dire state. However, the Nigerian government is unable to control the opposition groups and the government cannot guarantee the protection of foreign workers and their investments and assets.

Cyril Obi stated, since the 1990s, there has been an opposition towards the activities of the Western oil MNCs working in a strategic partnership with the Nigerian government to extract and exploit oil without benefits for the Niger Delta and polluting the oil-rich region.⁶² Additionally, with china as the second largest importer of oil worldwide, President Obasanjo invited China to join a strategic economic partnership in an effort to increase Nigeria's global base of oil accumulation from the Niger Delta region and more revenue for the government – thus the impact of their trade of oil on the Nigerian economy. On the other hand, China sees this as an opportunity to maximize profit from international oil trade and a means to provide more oil for its growing economy and energy sector.

⁶¹Obi, C. I. (2008). Enter the Dragon? Chinese Oil Companies & Resistance in the Niger Delta. *Review of African Political Economy*, 35(117), 417–434. Retrieved from <http://www.jstor.org/stable/20406530>

⁶²Ibid., 33

“China is diversifying to secure its supply, and now imports energy from countries in Africa such as Angola, Nigeria and Sudan” (IRIN News, 2006a)⁶³

According to the Chinese Ambassador to South Africa, Liu Guijin, for China to maintain its energy security, it has to acquire a stable supply of oil other than the Middle East – thus, Africa. Some of strategies used by China to access oil in Africa include making investment bid in countries where other western investors are no longer successful, or have forcefully withdrawn because of policy disagreements (Patey, 2007:997-1016) With such an exit of Western oil companies, China is able to make its entry and buy more shares. Noting that China’s import of oil from Africa and the Middle East is respectively 30% and 47%.⁶⁴

Taylor made observations that in late 2004 some oil investments were made in Nigeria, China’s Sinopec signed two agreements⁶⁵: First, with NNPC to develop five exploration mines, and the second with the Nigerian Petroleum Development Corporation (NPDC) and the subsidiary of Italian oil company, the Nigerian Agip Oil Company (NAOC-Eni) to develop the Okono and Okpoho oil fields. In this same year, Petrochina signed an agreement with the NNPC to supply of 30,000 barrels of oil daily to China for five the next years.⁶⁶

Some of China’s major African trading partners in terms of total trade for 2013 include: South Africa (31%), Angola (17%), Nigeria (6%), Egypt (5%) and Algeria (4%).⁶⁷ These countries grouped together accounted for approximately 63% of total Chinese trade with Africa for 2013.

⁶³Ibid.

⁶⁴Ibid.

⁶⁵Taylor, Ian (2006), ‘China’s oil diplomacy in Africa’, International Affairs, Vol. 82, No. 5; (2007), ‘China’s Relations with Nigeria’, The Round Table, Vol. 96, No. 392.

⁶⁶Mbachu, Dulue (2006), ‘Nigerian Resources: Changing the Playing Field’, South African Journal of International Affairs, Vol. 13, Issue 1.

⁶⁷South African Institute of International Affairs. China-Africa Factsheet.
file:///Users/Sleekpam/Downloads/2016%20SAIIA%20China-Africa%20Factsheet%20final.pdf

There are currently 68 active projects under the Chinese companies in Nigeria. **Table 6 and 7** below shows some Chinese companies and their investments in Nigeria:

Table 6: Major Chinese Companies in Nigeria

Companies	Sector of activities	Assets (USD billion)	Employees	Investments in Nigeria
Sinopec	Oil and gas	152.80	373 375	Blocks OML 64,66, 29% stake and operating rights to block 2, Nigeria- São Tomé Joint Development Zone
CNPC	Oil and gas	470.80	1.67 million (80 000 foreigners)	Licenses for OPL 471, 721, 732, 298
SEPCO	Electric power construction	38.60	19 756	Papalanto Power Plant
CCECC	Construction	2.17	70 000	Rehabilitation of Palalanto-Lagos expressway, Athletes's village, Ikot Akpaden-Okoroette road, Lekki Free Trade Zone
CSCEC	Construction, real estate	58.90	121 500	Refinery
CNOON	Offshore oil and gas	13.8	21 000	45% interest in offshore exploitation licence, OML 130
Sinoma	Cement Engineering construction	2.9	9 000	in collaboration with Nigeria Dangot Group for cement production line EPC project in 2008
CGC	Construction	0.30	-	Kebbi Airport, Water supply project in Gombe, Sakke Dam
Huawei	Telecom	25.00	51 000	Network, handsets
ZTE	Telecom	13.00	85 232	CDMA, handsets

Source: Egbula, M., & Zheng, Q. (2011). West African Challenges - China and Nigeria: A Powerful South-South Alliance. Sahel and West Africa, 5. <http://www.oecd.org/china/49814032.pdf>

Table 7: Chinese Companies in the Nigerian Oil Sector

Year	Companies	Project/Block	Project Cost (USD Million)	Investment Commitment (USD Million)
2006	SINOPEC	Blocks OML 64,66 and exploitation of Stubb Creek	-	220.7
2006	SINOPEC	29% stake and operating rights to block 2, Nigeria- São Tomé Joint Development Zone	-	-
2006	CNPC	Licenses for OPL 471, 721, 732,298	16	16
2006	CNPC	Stake in Kaduna refinery and rehabilitation	2000	Failed
2006	CNOON	45% interest in offshore exploitation licence, OML 130	2268	2, 692
2006	CNOON	35% working interest in OPL 229	-	60
2006	SINOPEC	Provide seismic exploration service	-	10
2007	Zhonghao Overseas Construction Engineering Company	Exploration of solid minerals in Zamfara and oil in Sokoto basin	300	300
2009	SINOPEC	Purchase of Addax	7200	7200
2010	CSCEC	Construction of refinery in Lekki Free trade zone in Lagos state	8000	6400

Source: Gregory Mthembu-Salter (2009)

In 2006, China (CNOOC) eventually acquired a 45% stake in Nigerian “oil-for-gas” or “oil for infrastructure” field in the amount of \$2.27billion. Afterwards, China made a purchase of 35% on an oil exploration license for the Niger-Delta region in the amount of \$60 million.⁶⁸ China acquired more benefits in terms of oil as Nigeria sold about 4 (in the Chad basin and the Niger Delta) of its oil blocks to CNPC. This could possibly be an argument that China is introducing new forms of imperialism (through economic partnerships, FDI and trade) in search of something more than Africa’s oil and thereby following the path of its predecessors in Africa, while some others are supportive of China’s foreign policy in Africa as it provides support in many forms such as infrastructure, aid, telecommunication and others, while the rest of the audience is indifferent about China’s scramble in and for Africa. For example, scholars such as Large Daniel have put forth the argument that although China is barely following in the pathway of Western countries that have exploited the resources of African countries, but there are positive claims of China’s foreign policy in SSA providing support (Aid, FDI and arms) irrespective of the norms of good governance and human rights.⁶⁹ According to Erica Downs, from another school of thought argues that “China as a threat to Western oil interests in Africa is overrated”.⁷⁰ This is because Nigeria is in an advantageous position from the new opportunities, increasing revenues and the no-strings attached development aid from China’s entry.⁷¹ Hence, the reason for China’s lock-up of African oil is a result of its diplomacy and economic incentives from the resource.⁷²

⁶⁸IRIN News, 2006a. Ibid., 35

⁶⁹Large, Daniel (2008), ‘Beyond ‘Dragon in the Bush’: The Study of China-Africa Relations’, *African Affairs*, 107, 426: 45-61); (2007),

⁷⁰Downs, Erica (2007), ‘The Fact and Fiction of Sino-African Energy Relations’, *China Security*, Vol. 3, No. 3, Summer.

⁷¹Ibid., 58

⁷²Tull, D. M.. (2006). China's Engagement in Africa: Scope, Significance and Consequences. *The Journal of Modern African Studies*, P. 469

C. Nigeria-China Foreign Policies and Trade

The Federal Republic of Nigeria and the People's Republic of China (PRC) formally established bilateral relations in February 1971. Despite the opposition of America, Nigeria alongside some developing countries from Asia, Africa and Latin America supported the 21-year campaign of Beijing to win the world recognition as one true government of the PRC.⁷³ In November 1971, the PRC officially replaced the Republic of China (Taiwan) in the seat of United Nations Security Council. Since Nigeria's independence in 1960, Asia was changing into a dynamic economic power while Nigeria was undergoing series of military coup from the 1980s to 1990s.⁷⁴ There had been countless visits of leaders from both countries visiting each other from the 1970s until today to strengthen diplomatic relations.

Here are some important the foreign policy Objectives of Nigeria and the foreign policy objectives of China towards Africa in general.

Nigeria's Foreign Policy Objectives

- i. To promote and protect national interests,
- ii. To promote African integration and support for African unity,
- iii. To promote international cooperation for the consideration for the consolidation of universal peace and mutual respect among all nations and elimination of discrimination in all its manifestations,
- iv. Respect for international law and treaty obligations.,
- v. To promote a just world economic order.⁷⁵

⁷³Egbula, M., & Zheng, Q. (2011). West African Challenges - China And Nigeria: A Powerful South-South Alliance. *Sahel And West Africa*, 5. <http://www.oecd.org/china/49814032.pdf>

⁷⁴China.org.cn,. (2016). *Nigeria -- china.org.cn*. Retrieved, from <http://www.china.org.cn/english/features/focac/183429.htm>

⁷⁵Adekola, O. (2013). New perspectives to Nigeria's foreign policy towards China. *IOSR Journal Of Humanities And Social Science*, 6(5), p. 2. <http://iosrjournals.org/iosr-jhss/papers/Vol6-issue5/A0650106.pdf?id=5940>

China's Global Foreign Policy Objectives Towards Africa

- i. To create a secure and diversify access to natural resources and energy supplies (for China's development),
- ii. To expand access to markets for more trade and investment with China,
- iii. To ensure Taiwan's "international space", recognition and legitimacy is reduced (longstanding objective),
- iv. Reassuring regional states not to be threatened by China's emerging economic power.⁷⁶

During the military regime of Sani Abacha (1993-1998), the first Nigerian-Chinese Chamber of Commerce was initiated in 1994. In 1995, this Chamber of Commerce created a way for the China Civil Engineering Construction Corporation (CCECC) to win a contract worth \$529M to restructure and renovate the railway system.⁷⁷

In 1997, China's Premier Li Peng, envoy of President Jiang Zeming visited Nigeria where he signed an agreement relating to power generation, steel and oil.⁷⁸ As a result of the sanctions imposed on Nigeria by the Western states during this period (after the illegal execution of Ken Saro-Wiwa), President Abacha turned to the East (PRC) as an alternative source of aid and investments in Nigeria, however, the CCECC was incapable of completing the railway project. Thus, this agreement did not adequately get implemented until 1999, with the change in government from a military to a civilian president.

In 2000, when President Olusegun Obasanjo became president, China and Nigeria began a new bilateral trade relationship. Later in the same year, the first ministerial conference of the

⁷⁶Ibid., 57

⁷⁷Mthembu-Salter, G. South African Institute of International Affairs (SAIIA). "Elephants, Ants and Superpowers: Nigeria's Relations with China. Sept. 2009. P. 6. http://www.saiia.org.za/doc_view/105-elephants-ants-and-superpowers-nigeria-s-relations-with-china

⁷⁸Ibid., 62

forum on China-Africa cooperation took place in Beijing. At this conference, the CCECC was assigned another contract to build approximately 5,000 housing divisions for athletes participating in an annual game in Abuja – this was completed.

Table 8 shows major agreements between Nigeria and China worth acknowledging to understanding the foreign policy agreement between both countries.

Table 8 – Major Agreements Between Nigeria and China (1997-2010)

Year	Agreement
1997	Joint Communiqué on the Establishment of Diplomatic Relations between the People's Republic of China and the Federal Republic of Nigeria
2001	Agreement on Trade, Investment and Protection
2002	Agreement for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Tax on Income
	Agreement on Consular Affairs
	Agreement on Tourism Co-operation
	Agreement on Co-operation on Strengthening Management of Narcotic Drugs, Psychotropic Substances and Diversion of Precursor Chemical
2003	Agreement of South-South Co-operation among China, Nigeria and FAO
2006	Memorandum of Understanding on a Strategic Partnership
2009	Agreement against fake products exported to Nigeria from China
2009	Memorandum of understanding on promotion between Ogun State of Nigeria and Zhejiang Province of China
2010	Memorandum of understanding on Peace Co-operation

Source(s): Egbula, M., & Zheng, Q. (2011). West African Challenges - China And Nigeria: A Powerful South-South Alliance. *Sahel And West Africa*, 5. <http://www.oecd.org/china/49814032.pdf> and <http://www.china.org.cn/english/features/focac/183429.htm>

In 2001, the two countries signed a memorandum of understanding on the establishment of a Nigerian Trade Office in China, China Investment Development and Trade Promotion Centre in Nigeria. Between 2003 -2007 the Nigeria-China relations was further strengthened as President Hu Jintao and Prime Minister of China both visited Nigeria while Obasanjo visited China twice. These visits led to a development in economic relations and an increase in the number of Chinese multinational companies (MNCs) in Nigeria and the MNCs won substantial agreements in Nigeria, in the areas of telecommunications, construction, transportation and

power. Trade volume increased as Nigeria imported more Chinese manufactured goods and according to the Chinese Ministry of Commerce, the total volume of Chinese investment in Nigeria reached \$6 billion in 2008. China reminded Nigeria that its main strategy was based firmly on its economic interests. Additionally, China restated its main objectives and policy towards Nigeria, as stated earlier.

Foreign policy advances the interests and values of a country and its people. According to Sesay, Nigeria should not involve itself with China just like it did with the other western powers.⁷⁹ Thus, according to Sesay and co, China is not a savior of Africa. This goes to say that there is a perceived pessimism towards China's developmental intention in Nigeria. China is searching for countries in Sub-Saharan Africa especially in Nigeria, Angola, and Sudan where crude oil is dominant for China to make investments in other to sustain its economy.⁸⁰

From the part of China, the main objectives of their government's foreign policy towards Nigeria were:

- i. To increase China's presence in its oil sector,
- ii. To increase Chinese multinational companies (MNCs) share in the Nigerian market,
- iii. To expand the Nigerian market for Chinese manufactured goods.⁸¹

China has succeeded in increasing its presence in the oil sector of sub-Saharan African countries given that a third of its oil comes from sub-Saharan Africa (SSA) and 3% from Nigeria.⁸² For example, **Figure 2** shows that between 2003 – 2007, out of the China's FDI to Africa approximately 20% was absorbed by Nigeria, 12% by Sudan and 2% each by Angola and

⁷⁹Adekola, O. (2013). New perspectives to Nigeria's foreign policy towards China. *IOSR Journal Of Humanities And Social Science*, 6(5), 1-6. <<http://dx.doi.org/10.9790/0837-0650106>>

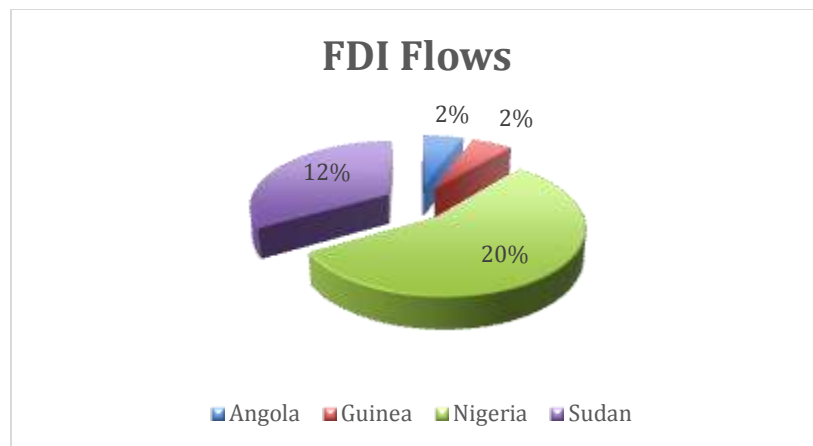
⁸⁰The 1999 Constitution of the Federal Republic of Nigeria, Chapter II, section 19.

⁸¹Mthembu-Salter, G. South African Institute of International Affairs (SAIIA). "Elephants, Ants and Superpowers: Nigeria's Relations with China. Sept. 2009. P. 6. http://www.saiia.org.za/doc_view/105-elephants-ants-and-superpowers-nigeria-s-relations-with-china

⁸²Ibid., 66

Guinea. This is to show that Nigeria receives a large portion of China's FDI to Africa.⁸³ The trade volume of Chinese manufactured goods exported to Nigeria increased reached \$6 billion in 2008, while the Chinese MNCs won more contracts in various sectors of within Nigeria.⁸⁴

Figure 2 – China's FDI Flow into Nigeria and SSA (2003-2007)



Oil and Foreign Policy:

As noted earlier, oil plays an important role in the context of Nigeria's foreign policy. This same resource leads to policy downfalls in Nigeria. In modern-day Nigeria, MNCs appear to have taken the place of the British colonial power: the link between the federal government and these multinational oil companies sustains a structure that enables the federal government to maintain control over its resource. In the words of Edigin and Otohile, this is a new form of colonial power dynamics.

In the wake of the cold war era, and the ongoing war on terrorism, resource-rich countries such as Nigeria become the interest of America and other Western powers in search of oil to fuel their economies.

⁸³“Statistical Bulletin of China's Outward Foreign Direct Investment”, 2003-2007, Chinese Ministry of Commerce, 2008

⁸⁴Ibid.,66.

According to Okonta, Nigeria's state and federal interests cannot be attained without a self-sustaining political order thus the need for a new foreign policy.⁸⁵ With regards to the topic of foreign policy and oil, the oil producers (MNCs) in minority ethnic groups and the local resistance groups often question the foreign policy objectives of Nigeria. The MNCs are concerned about the reaction of the local resistance groups to their entry into the Niger Delta region while the local resistance is concerned with their environmental safety and the after effects on the community. The opposition towards these MNCs started since 1990, when Western Oil multinationals such as Shell, Chevron Texaco, Exxon Mobil, Total and Agip-ENI, were working in partnership with the Nigerian government to exploit and pollute the oil-rich Niger Delta, but impoverished region.⁸⁶ Nigerian government under the administration of President Obasanjo permitted the increase of "foreign investment in oil, mining and trade sectors of the Nigerian economy"(Cyril, O. p.5) This in turn had detrimental effects on the Niger Delta region because with an expansion of oil, more MNCs were involved in drilling, exploiting and appropriation of the region and the government (both federal and state) neglected these ongoing effects, rather government military troops were sent to the Niger Delta to protect the economic interest of the country.

For example, the Ogonis are tied to the oil in the Niger Delta regions. And this tie between the Ogoni people, the MNCs and the Nigerian elites demonstrates the incompetence of the governing institutions in Nigeria to handle the issue of democracy and development, state legitimacy and national citizenship. Thus, these three parties emphasize the need for a consistent and self-sustaining political mandate and refocus of institutions.⁸⁷

⁸⁵Okonta, I. (2007). The diseases of elephants: Oil-rich minorities, Shell and international NGO's". Lagos: The Guardian, Jan 14th .

⁸⁶Ibid. Cyril, O. p. 2

⁸⁷Ibid., 46

These oil producing minority ethnic groups tend to mandate a more comprehensive democratic society, so as to reap the benefits of their resource. However, the elites see this as a threat to their dominance and control of the state and its resources. Nigeria must look for ways to handle the Western countries thirsty for oil and consequently face the challenge of securing the borders of the country and its resources from destructive forces.

Nigeria's Oil for China's Infrastructure Investment:

Nigeria is said to be a "superpower" with its enormous crude oil reserves that make it impossible for any country to overlook. China wanted access to its resources in return for new infrastructure and imports of manufactured goods to meet the growing demands of the large population. Therefore, the Chinese government had come to an agreement with the new Nigerian government's preferred "oil for cash/infrastructure policy approach"⁸⁸ under President Obasanjo's foreign policy relations with China.

President Obasanjo required China, who preferred oil resource to fuel their economy to invest and commit to the provision of major infrastructure for Nigeria.⁸⁹ These infrastructures include but are not limited to buildings, railways, hydro dams and others. The rationale behind this policy was kindled with Obasanjo's visit to China and his view of the massive infrastructures,⁹⁰ and also with the increasing frustration of the Nigerian government with the revenues and heavy conditionalities for foreign aid from the other Western states since independence.

⁸⁸ Gregory Mthembu-Salter in South African Institute of International Affairs Occasional Paper No 42 (China in Africa Project), Sept., 2009: 24-25

⁸⁹ Wong, 2009; Utomi P, 2008: 40 <<http://iosrjournals.org/iosr-jhss/papers/Vol6-issue5/A0650106.pdf?id=5940>>

⁹⁰ Syngé R, „Nigeria: Recent history“, in Frame 1 (ed.), Africa South of the Sahara 2008. (London: Europa, 2007)

This policy of Oil for infrastructure was begun under the reign of President Obasanjo but seemed to have declined during the reign of the Late. President U. Musa Yar'dua.⁹¹ The steps taken by this president almost led to the failure and termination of this policy due to ethnic-political challenges in his policy decision-making process of different presidents. It is necessary to highlight the fact that President Obasanjo and Late President Yar,Adua were from different geo-political zones and religious sects of Nigeria. President Obasanjo is a Yoruba man from the south and is Christian, while the Late Yar,Adua was of Hausa (Fulani), a Muslim from the north. This policy on “oil for infrastructure” was changed to “oil for cash”.⁹² This made it difficult for the Chinese government to gain access to the Nigerian oil assets and retain blocs until payments were complete. The rationale behind this is that initially, when President Obasanjo had implemented the policy with the Chinese government, it was based specifically on the grounds of “oil” in exchange for “infrastructure” project in Nigeria and not “oil” for “cash” as the Yar’Adua regime introduced. Hence, leaders from different geopolitical zones have different interests. If Nigeria was not a resource-rich country in terms of natural resources, the Chinese would have departed and focused on relations with other countries.⁹³

Nigeria’s foreign policy has continued to change and evolve due to the diverse interests, priorities, and emphasis of the domestic and international environment. As of 2013, the diplomatic relations between China and Nigeria reached its 43rd year span with advancement in communication and cooperation.

The Nigeria government does not have a formal China foreign policy. According to Mthembu-Salter, Nigeria and its Ministry of foreign Affairs have conducted Nigeria’s foreign

⁹¹ Akinrinade, O. Foreign policy cooperation in developing states. Obafemi Awolowo University (OAU) , Ile-Ife, Nigeria Inaugural Lecture Series 178. OAU Press Limited (2005).

⁹² Ibid., 75

⁹³ Ibid., 75

policy based on the limitation and shortcoming as a representation of the country.⁹⁴ These limitations and shortcomings include corruption, poor governance, lack of transparency and accountability on the part of the officials. Hence, Nigeria does not necessarily need neither Western nor Eastern powers to attain development goal such as the Sustainable Development Goals (SDGs) rather to correct the system of governance.

a. Economic Impacts of the Trade:

China is in no doubt an economic giant, but the question is that will China be able to assist African countries in transforming their resource wealth from a curse to a blessing, thus, acting as a catalyst for socio-economic development? Here are some of the impacts of the bilateral trade of both countries on the Nigerian economy:

Alongside China's oil corporation entry into Nigeria, it has no conditionality for development aid and this enables Nigeria grow as the country gains higher revenues and new opportunities. The global South-South relationship of both countries is a significant opportunity in African history because it is a representation of Africa's withdrawal from Western neo-colonial ties. Hence, this relationship of Nigeria-China as trading partners is beneficial as Nigeria sees the Chinese economic development model as a catalyst for growth and development that can be applicable in the African context. China's investment will substantially advance development in Africa (see Goldstein et al. 2006) However, according to a news report, local African merchants are at a loss because they are often faced with trade competition from these foreign Chinese merchants in their country (see *The Independent* 25.4.2005; *The Reporter* 27.5.2005). This means either the African traders do not have a comparative advantage in the certain goods

⁹⁴Mthembu-Salter, G. South African Institute of International Affairs (SAIIA). "Elephants, Ants and Superpowers: Nigeria's Relations with China. Sept. 2009. P. 6. http://www.saiia.org.za/doc_view/105-elephants-ants-and-superpowers-nigeria-s-relations-with-china

that makes the Chinese more successful at trading, or Africa is not challenged to get in competition with Chinese company prices and good production cost.

The most important reason for China's trade surplus with Nigeria is due to the different economic structures of the two countries. Manufacturing is an important part of China's economy, while in Nigeria; oil industry is the prime sector (although most of the oil is exported to the West).⁹⁵ China investing in Nigeria is a good development however; Nigeria has focused immensely on the oil sector, which is detrimental to the country's economy as it discourages diversification.

Although, information about Chinese activities in Nigeria points to increasing economic (trade, and investment), social (health and education) and technical relations, the composition of Chinese FDI into Nigeria is fragmented. According to statistics, China has set up over 30 solely owned companies or joint venture in Nigeria actively involved in the construction, oil and gas, technology, services and education sectors (Ogunkola, 2006. p. 134). Usually, as I have noticed the economic policies in Nigeria works against its perceived objectives, while it strongly encourages investments and investors, there are no institutions (policies) that conduct checks and balances on the activities of the companies and the countries that invest in the Nigerian economy.

Ogunsanwo seems to be pessimistic about the sincerity in China's developmental intentions in Nigeria by saying that China "cannot honestly be extremely enthusiastic in encouraging the conversion or transformation of crude oil exporting countries such as Nigeria, to petroleum products exporting countries" (Ogunsanwo, 2008:17). This is because "China needs enormous amounts of imported crude oil for its industry and is searching everywhere including

⁹⁵Eneji, M., Onyiye, I., Kennedy, D., & Rong, S. (2012) (1st ed.). Retrieved from <<http://admin.umt.edu.pk/Media/Site/STD/FileManager/Entrepreneurship/9.pdf>>

Angola, Sudan, Nigeria, and Gabon and in other African countries where such oil is accessible”⁹⁶

In any given relationship amongst two or more parties, each party tries to accomplish their agenda, whether this is at the detriment of the other parties involved, it often could be subjective. As in the case of Nigeria and China, both countries are pursuing their foreign policies and they owe it to themselves and their people to negotiate smartly. Finding a common ground means both parties are aware of what the deal entails.

Perhaps, if Nigeria were an ordinary developing country with no resources, the Chinese government could, conceivably, have been at a loss on the Nigerian resources (because their economy needs oil) and possibly concentrated on its relations with other countries to provide them with this valuable resource. But the country has superpower potential that make it impossible to ignore: its enormous oil reserves, to which China still wants access, a substantial appetite for new infrastructure and a large population with growing consumer demands. So the Chinese government has various agreements with the new Nigerian government’s preferred “oil for cash” approach. Nigeria is a country that undoubtedly has much potential and while this is a blessing, it gives room for exploitation by world powers. Nigeria on the other hand is clouded with deep-rooted corruption, which will involve taking an overhaul to rid the system of the poor accountability and transparency in different ministries responsible for the ensuring of growth in the economy. Thus, a government like Nigeria, will be playing into the hands of a foreign investors who seek to enrich themselves through deals that will require trading crude oil for cash or infrastructure.

Nigeria-China trade relations revolve majorly around the oil and natural gas sectors. Prior to oil production, which surged after the 1970s, agricultural production was the largest export

⁹⁶Adekola, O. (2013). New perspectives to Nigeria’s foreign policy towards China. *IOSR Journal Of Humanities And Social Science*, 6(5), P.1. <http://dx.doi.org/10.9790/0837-0650106>

sector for Nigeria.⁹⁷ Over dependence on the oil sector has caused the stagnation of the country's economy. The discovery of oil in the 50's, which is a blessing in itself, caused for the Nigerian government to overlook sectors like the agriculture and mining. These are sectors other countries like Malaysia have used in building a formidable economy.

Agricultural investment was imperative given the impediment of growth in this sector of the Nigerian economy; food security had remained a severe challenge for Nigeria. With China's demonstration of growth in agriculture over the years, there are a number of lessons to be shared with Nigeria so as to enable her attain agricultural growth that will in turn lessen poverty. China's investment in Nigeria is particularly timely in light of the recent strengthening of China and Nigeria's economic cooperation. Sustainable commercial agricultural production is vital to the wellbeing of Nigeria's economy and people.⁹⁸ After the economic reforms of 2005, the Nigerian government started making efforts to diversify its investment and export profile beyond the oil sector, to other critical sectors like agriculture.

The discovery of oil in the late 1950s brought about the near total neglect of other striving sectors of the economy, like agriculture and manufacturing (Atomre et al, 2009:334).⁹⁹ Crude oil became dominant in the Nigerian economy, starting from 1970s and presently accounts for about 40% of GDP, over 95% of foreign exchange earnings, and over 70% of Federal Government revenue source, as well as over 90% of all new investments (Adedipe, 2004, Ezirim et al, 2010: 58). Presently, the oil and gas sector dominate revenue and foreign exchange accruable to the state with very negligible contributions coming from the non-oil and gas sectors like agriculture

⁹⁷ Daniel, G., & Maiwada, S. (2015). Chinese Trade and Investment in Nigeria's Agricultural Sector: a Critical Analysis. *American International Journal Of Social Science*, 4(2). p.277

⁹⁸ Ibid. p. 278

⁹⁹ Ibid. p. 279

Unemployment persists. In the case of Angola and Sudan, for example; where China imports over 30, 000 Chinese to work in these foreign countries, the job markets will be negatively affected as employment opportunities for the locals becomes very limited.¹⁰⁰ Hence, there will be a very slight opportunity to transfer knowledge, expertise and technologies to the local people and this will decrease human capacity/skills.

The Chinese foreign trade policies are not compelled by selfless intentions (Mbeki 2004). Thus, China may not always have a positive economic impact on the economies of their trading partners given diversity in trading partners. China-Africa relations are first on the grounds of economic investments and marketing strategies especially in the arena of manufacturing (labour-intensive and export-oriented).¹⁰¹

Foreign Direct Investment:

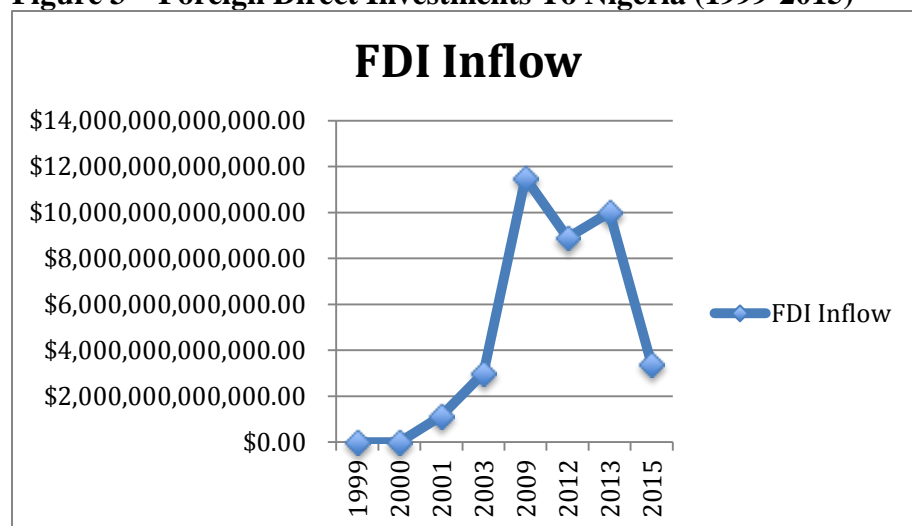
An FDI study conducted by UNCTAD (2009) report [59] classified Nigeria as the largest recipient of FDI in the continent of Africa. From 2001 to 2009, FDI has immensely grown from \$1.14 billion to \$11.5 billion respectively and this had placed Nigeria in the 19th position of global FDI recipients. China is now Nigeria's top source of FDI flows. In 2003, China gave Nigeria the sum of \$3 billion and as shown in **Figure 3 and Table 9** below, in 2013 the FDI worth \$10 billion. Additionally, China has given low-interest loans to Nigeria to expand infrastructure and construction of important structures such as airports, roads and railways. **Table 6 and 7** above, in the previous section show a compilation of major Chinese companies, their number of employees, sectors of investment, amount invested and assets within Nigeria.

¹⁰⁰Dennis Tulle

¹⁰¹Ibid

Figure 3 and **Table 9** show Nigeria's FDI reached the highest rate of \$11.5 billion in 2009 and its lowest rate in 1999. However, FDI to Africa has been growing enormously from 2000 until 2015 and Nigeria has received the largest amount of FDI compared to any African countries from 2010 to 2013.

Figure 3 – Foreign Direct Investments To Nigeria (1999-2015)



Source: UNCTAD, MOFCOM and AESS

Table 9 – Statistics of China's Outward FDI to Nigeria (1999-2015)

Year	FDI Inflow
1999	\$55,000,000.00
2000	\$5,500,000.00
2001	\$1,140,000,000.00
2003	\$3,000,000,000.00
2009	\$11,500,000,000.00
2012	\$8,900,000,000.00
2013	\$10,000,000,000.00
2015	\$3,400,000,000.00

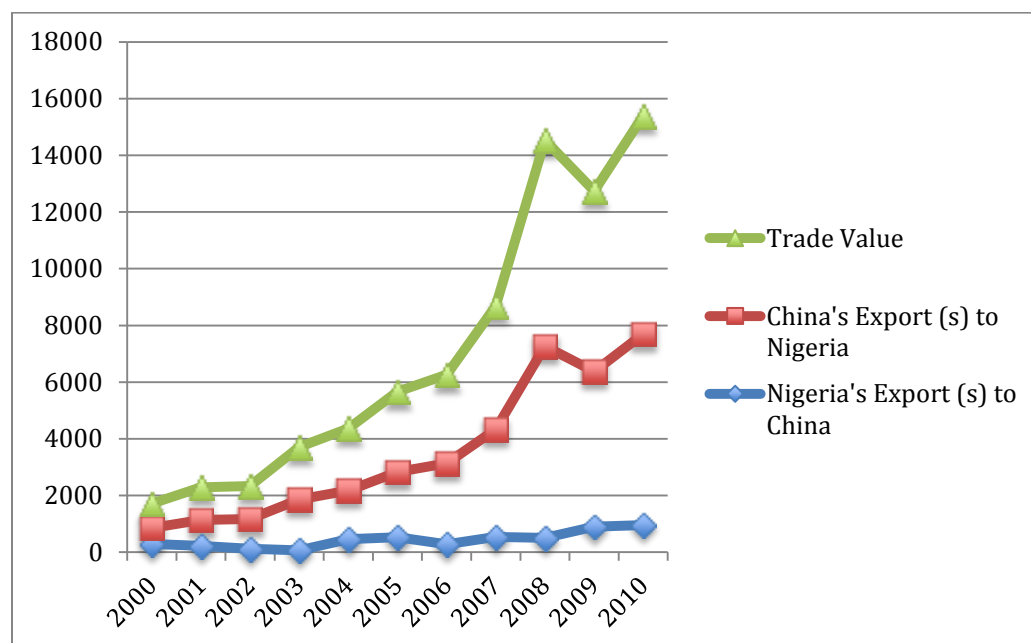
Source: UNCTAD, MOFCOM and AESS

Chapter IV: Theoretical Analysis of Findings

There are central questions one could think of while looking at this paper. First, if Nigeria and China's economic and bilateral trade relationship is a win-win game or zero-sum game for both sides? Secondly, is this another form of neo-colonialism, a new form of dependency created by China in Africa, or a real form of South-South solidarity?

Figure 4 and **Table 10 below** show the bilateral trade between Nigeria and China since 2000. Since the signing of the agreement on trade and investment promotion and protection in 2001 by both countries, trade has increased exponentially. This is evidence in the graph and table below as the total trade value increased from \$860 million in 2000 to approximately to \$6,373 million in 2009. Despite the exports of and imports of both countries, Nigeria still lags behind China with the augmented growth in the exports of Chinese manufactured goods to Nigeria – Hence, a trade imbalance exists. This is also evident in the table 7 below that the values of China's exports to Nigeria are two to three times higher than the values of Nigeria's exports to China. According to the OECD report, as of 2010, "Nigeria became China's fourth biggest trading partner in Africa, and the second largest Chinese export destination on the African continent. Trade between the two countries accounted for nearly one third of the trade between China and the whole of West Africa,"¹⁰² and this shows the importance of Nigeria to China's entry into the regional market

¹⁰²Ibid.

Figure 4 – Nigeria-China Bilateral Trade Statistics, 2000-2008 (USD millions)

Source: Ayoola, T. IISTE. <http://iiste.org/Journals/index.php/RJFA/article/view/8981/9214#>

Table 10 – Trade between Nigeria and China (in USD millions)

Year	Nigeria's Export (s) to China	China's Export (s) to Nigeria	Trade Value
2000	292.9	563.9	860
2001	227.4	917.2	1,144.60
2002	121.3	1,047.10	1,168.40
2003	71.7	1,787.50	1,859.20
2004	462.6	1,719.30	2,181.90
2005	527.1	2,305.30	2,832.40
2006	280	2,855.70	3,133.50
2007	537.5	3,800.20	4,337.70
2008	509.9	6,758.10	7,268.00
2009	897	5,476.00	6,373.50
2010	962.5	6,737.50	7,700

Source: Ayoola, T. IISTE. <http://iiste.org/Journals/index.php/RJFA/article/view/8981/9214#>

This paper includes neo-colonial dependency theory to express the dependency of Nigeria's economy on a dynamic international economic system such as China. According to

Todaro and Smith,¹⁰³ dependency theory in this relationship shows a reliance of Nigeria (developing country) on the raw material and manufactured goods from China (developed country, at an efficiency driven level of development) and China's demand for Nigerian raw materials (oil) to sustain their economies. Dependence on the Nigerian part means the country has adopted China's patterns of trade, manufacturing, infrastructure and even education given that a large population of Nigeria is present in China and vice versa. Dependency is a position whereby Nigeria has its economy conditioned to the development and expansion of China. Therefore, China has conditioned Nigeria's economic growth and development through its trade imbalance, poor infrastructure, inferior manufactured goods and loans.

Furthermore, this neo-colonial dependence theory depicts Nigeria as the periphery (developing country) and China as the center (developed country). In this relationship, resources of the oil-rich Nigeria flow to benefit the center, China. This makes it difficult for Nigeria to be more independent and self-sufficient.¹⁰⁴ Economic growth in developing countries in comparison to developed countries had diminished over time due to the exploitative nature of their trade relations.¹⁰⁵

However, with regards to the Nigeria-China relationship, there is a positive and negative side to the impact of their partnership. The argument emphasized that:

a) The activities of these Chinese oil companies in sub-Saharan Africa pose a threat to western interests and influence in Africa¹⁰⁶ – rather than portray China as the enemy, one could acknowledge their position as an emerging economic super power that is changing the scope of

¹⁰³Todaro, M & Smith, S. Economic Development. Chapter 3, p. 149.

¹⁰⁴ Todaro, M & Smith, S. Economic Development. Chapter 3, p. 149.

¹⁰⁵ Agubamah, E. (2014). Bilateral Relations: Periscoping Nigeria And China Relations. *European Scientific Journal*, 10(14). Retrieved from <<http://ejournal.org/files/journals/1/articles/3392/submission/original/3392-9695-1-SM.pdf>>

¹⁰⁶ Lyman, Princeton. Council on Foreign Relations (CFR). "China's Rising Role in Africa. Jul. 21, 2005. <http://www.cfr.org/china/chinas-rising-role-africa/p8436>

development and economic partnerships in Africa. Additionally, with China making investments in areas that western aid agencies and private investors have overlooked for years such as physical infrastructure, industry, and agriculture is a positive impact and has enabled countries clear their debts; according to CFR, “Nigeria might not have been able to negotiate such a favourable debt relief program from the Paris Club as it has just done, eliminating some \$18 billion in debt, if it had not been a position, because of recent oil windfalls, to put \$6 billion on the table to clear interest and past arrears as part of the deal”.¹⁰⁷

b) Poor quality of Chinese manufactured goods imported to Nigeria has left the textile and other significant industries (in Kano and Kaduna) that produce consumer products shattered.¹⁰⁸ This therefore weakens the productivity in these African industries.

c) Chinese FDI has created approximately five free trade zones in Nigeria.¹⁰⁹ The creation of the trade processing zones aims to promote exports and increase foreign exchange revenues provided that all projects are transparent, accountable and completed.

The Nigeria and China cooperation in trade has created enormous benefits for their populations. This is because Nigeria and China have been the longstanding strategic partners in bilateral trade, economic and political relations. Hence, encouraging the Chinese MNCs to expand their investment in Nigeria in order to create more employment opportunities, for Nigeria; this should eventually lead to a more sustainable development of bilateral cooperation. According to the current Chinese President Xi Jinping, this win-win cooperation provides benefits for their populations and both countries need to promote bilateral ties from a strategic

¹⁰⁷ Ibid., 96

¹⁰⁸ Ibid., 96

¹⁰⁹ Oyeranti, O, Babatunde. A, et al. Policy Brief. “The Impact of China-Africa Investment Relations: The Case of Nigeria”. Nov. 2010. <http://dSPACE.africaportal.org/jspui/bitstream/123456789/32371/1/NigeriaPB8.pdf?1>

level and with a long-term approach.¹¹⁰ It is noteworthy that China has strengthened its economy through its partnership with Africa.¹¹¹

However, this relationship seems like a zero-sum game. China is in no doubt a good economic partner for Nigeria, given the fact that they provide aid and have a strategic economic partnership, but it comes at a cost for Nigeria. According to the Financial Times, the perception holds that Chinese companies are exploitative of local labour in terms of working environment, conditions, wages and opportunities of growth within the companies.¹¹² In 2015, “a labour union for construction workers gave the government a 14-day ultimatum to address complaints of maltreatment of Nigerian workers by Chinese-run companies.”¹¹³

With the history of oil degradation and exploitation in the Niger Delta region of Nigeria, Nigerians are very sceptical about the environmental impacts of Chinese companies because the Chinese might prioritize oil extractions for their economy over the environmental conditions afterwards. “China’s appetite for energy resources and its poor environmental track record at home have raised concern among conservation groups in Africa”.¹¹⁴

A. Assessment of the Productivity of the Railway System in Nigeria:

In Nigeria, the railway system had not only been a means of transportation for individuals but more so as a means of transporting goods and services from one region of the country to another region. The Nigerian Railway Corporation (NRC) manages the Nigerian railway system.

¹¹⁰“China, Nigeria Presidents Call for Boosting Ties.” *BBC Monitoring Asia Pacific* Sep 28 2015. *ProQuest*. Web. 20 Feb. 2016

¹¹¹ *Ibid.*, 73

¹¹² Ogunlesi, Tolu. Financial Times: The Exchange. “Nigeria and China deals: what’s the nbenefit for us?”. Dec. 4, 2015. <http://blogs.ft.com/the-exchange/2015/12/04/13219/>

¹¹³ *Ibid.*

¹¹⁴ OECD Report. <http://www.oecd.org/china/49814032.pdf>

The Nigerian Railway system officially came into existence in October, 1912 when Frederick Lugard emerged the pre-existing Lagos government railway and the Baro-Kano railway to become the 'Nigerian Railway'. The merger further enhanced the desirability of merging the Northern and Southern Nigeria protectorates. The railway line ran on two principal North and South trunks: the First, from Lagos to Nguru and a Second, from Port Harcourt to Maiduguri, with both tracts having branch extensions. In the 1950s, partly for economic reasons, the railway system in the country came under the coordination of the Nigerian Railway Corporation.

The Railway infrastructure is a representation of efficiency and development, to the point that it appears true that a “developed economy” cannot adequately function without a railway. In the infrastructure pre-development era of airports and highways in Nigeria, the railways were the only effective and efficient means of transportation of goods and people from one point to the other. With the highways getting congested through constant traffic in major cities, it leads to the increasing cost of fuel that ends up making this means of transportation uneconomical and inefficient – thus, highlighting the significance of railway system.¹¹⁵

However, due to poor maintenance, the railway in Nigeria was short lived. Previously, several attempts were made to revive it by different administrations but all attempts were futile. However, the administration of the immediate past President Goodluck Jonathan set in motion in what could be termed as a revolution revamping of the railway system in Nigeria. The government in 2011 signed a contract with two Chinese and one local firm for the rehabilitation of 2,119-kilometre rail lines in the eastern Nigeria. Later in 2014 a “China Railway Construction Corporation Limited signed a contract for a \$13.1 billion railway project with the Ministry of

¹¹⁵Osuji, O. National Mirror. “Once upon a Nigerian Railway Corporation”. Mar. 21, 2013. <http://nationalmirroronline.net/new/once-upon-a-nigerian-railway-corporation/>

Transport for a coastal railway line that will transverse ten states in Nigeria. The length of the railway line will be 1,385 kilometres in one-way mileage, with a design speed of 120 km/h, including 22 railway stations which would be constructed along the line.”

The railway lines are now functional in the eastern part of Nigeria. This is a welcome development as it is safer to travel by rail in comparison to other means of transportation. It is inexpensive and since its re-launch, the Nigerian Railway Corporation has enjoyed overwhelming patronization. However, the major question is how prepared is the Nigerian government to maintain these railway lines in the long run. In the near future, China sees itself still present in Nigeria and looks forward to strengthening its cooperation in other segments in Nigeria¹¹⁶ such as agriculture, security (fight against terrorism), politics, education, hydropower development, and a few others.

Cooperation requires action from all parties in an agreement. The benefit of the longstanding relationship of Nigeria and China is uniform. Both countries have a friendly relationship and treat each other equally with respect. Given their comparable historical experiences, China and Nigeria are in pursuit of peace through independent foreign policies. At the domestic and international level, both countries strongly support each other, as a way to promote global South-South cooperation. They work towards upholding the common interests of many developing countries in Africa and Asia.

Nigeria is a business hub with opportunities for China to succeed. According to Agubamah,¹¹⁷ Although China is recognized as the second largest economy in the world, it is still a third world country at an efficient stage of development. Trade imbalance and huge Chinese

¹¹⁶ Ibid., 61

¹¹⁷ Ibid., 61

loans with low interest rates is gradually sinking Nigeria into a gravity of debt. If proper attention is not given to address this issue, in the future, China might cease it as an opportunity to formally condition the economic growth and development of Nigeria.

“China has outperformed many Western states in terms of contributions to poverty reduction and development in Africa.”¹¹⁸

This goes to say that China has no colonial history whatsoever in Africa and China’s official communication on its investments in Africa promise to avoid neo-colonial behaviours.

B. Why Is Africa The “Go To” Continent For Foreign Investors?

Nigeria is riddled with massive corruption. All of which are hindering factors keeping Nigeria from reaching its full potential.

Since 2000, the Chinese grip on the African market has grown tremendously from what it was in the past. China has engaged the African economy by trading with African countries, which has improved the continent’s economy. However, this hasn’t come without criticism from foreign media. Amongst the numerous headlines that describe the western perception of China’s intention in the African continent one sees examples such as the “U.S. Secretary of State Hillary Rodham Clinton warned of a creeping "new colonialism" in Africa from foreign investors and governments interested only in extracting natural resources to enrich themselves.”

Similarly, there are also fears in other quarters as even the former Central Bank Governor of Nigeria Sanusi Lamido has expressed his concern as to the overwhelming growth of China’s investment. A lot of speculations have trailed China’s intentions in the sacred continent of Africa. While many people see this as a welcomed development, others are quite sceptical as

¹¹⁸ Ibid., 7

staggering “70 percent of Africa’s exports to China come from Angola, South Africa, Sudan, and the DRC, and are heavily dominated by raw materials (e.g. oil, copper, cobalt, and cotton). And 60 percent of imports from China, largely manufactures, are destined to South Africa, Egypt, manufactures, are destined to South Africa, Egypt, Nigeria, Algeria and Morocco.”

China’s investment in Africa includes some large deals that have been highly publicized. In Democratic Republic of Congo (DRC), for example, the Sicomines iron mine involves the Chinese state-owned enterprises China Railway Engineering Corporation and Sinohydro and the private company Zhejiang Huayou Cobalt, in partnership with Congolese state-owned companies. These are only but a few investments in Africa. China while investing in Africa has in return been able to immensely develop the African countries in which it invests. A lot of infrastructural developments in these African countries are of world-class standards.

Nigeria holding the largest economy in Africa is also home to many Chinese investments. Nigeria and the Chinese relationship is one of codependency. Today, Nigeria is home to many Chinese construction firms which accounts for the highest overseas Chinese customer in this sector of the economy. Findings show that Chinese firms are more likely to invest in services in the resource-rich but institutionally poor countries cannot be explained by the standard factor proportions theory, as we have used to explain the high skill intensity of Chinese ODI in skill-abundant countries. While this might be the case, sadly this is the norm amongst nations as everyone is after their personal agenda. Every partnership has its shortcomings. In the case of Africa, more than ever before there is a growing need to be portrayed as a continent on the rise. While speculations may be trailing China’s intention in Africa, they have found a way to win the hearts of African leaders as they have more investments in Africa than any other country in the world. Nigeria’s domestic market is vast but very small for modern day technology. Thus, there

is the need for seeking favourable external market at regional as well as at global level. Negotiations of the trade agreements often occur between both countries.

China and Africa relations are an example of the powerful global South-South experience and the ability of China to share its lessons and expertise on development to improve Africa. Despite some stumbling blocs in their economic partnership, China and Nigeria still maintain a mutual friendship and a South-South alliance to support both countries in achieving their economic and development goals. In 2003, Nigeria, China and FAO signed an agreement of South-South Co-operation.¹¹⁹ This shows a co-operation between China and Nigeria in the agricultural sector. Some Chinese experts are providing training on technologies and techniques to Nigerian farmers to help them advance their production. Additionally, approximately 500 Chinese experts had been send to Nigeria to assist in the improvement of water management and food production,¹²⁰ the purpose of this was to increase food production and security. In 2011, Beijing published a white paper outlining its development assistance policy. This policy on Chinese foreign aid was founded on solidarity amongst developing countries. Aid in the form of “emergency humanitarian assistance, goods and materials, technical co-operation, human resource training, medical and other volunteers and completed construction and infrastructure products financed by grants and low or no-interest loans”. For example: Since 2000, China has a debt relief for Africa and Nigeria happened to have been one of the beneficiaries of debt cancellation.¹²¹

In Nigeria, there are many opportunities for South-South co-operation in infrastructure. The Chinese construction companies have won contracts to construct railways, roads and other infrastructural projects within this South-South alliance they have established. These projects

¹¹⁹ OECD. Forty Years of Diplomatic Relations.p 16. <http://www.oecd.org/china/49814032.pdf>

¹²⁰ Ibid

¹²¹ Ibid. p. 16

have enabled the growth of trade relations within both countries as China has won more contracts that boosted their export capacity and infrastructure development while Africa has received more investments in return for their resources.

Furthermore, some informal assistance programs have been established to assist rural communities in Nigeria. For example, the CGC¹²² – they specialize in building boreholes in these communities and this helps the locals store water.

Nigeria is a potential world power and that can only be realized if her resources would be used adequately in developing the nation. Many other world powers have been able to excel tremendously with fewer natural resources. However, in the case of Nigeria and other African countries, their institutions are weak and policies due to crippling corruption, poor governance and lack of transparency – this prevents them from attaining higher levels of growth and economic development.

¹²²Ibid.

Chapter V: Discussion, Conclusion and Recommendations

Discussions

Infrastructure is a major deficit in African countries, which is evident in the power, health and other sectors of the economy. This is one area where China's trade with Africa serves as a compliment given the fact that China is an expert in the construction industry and has many state-owned construction companies. Africa is endowed with abundant natural resources and most economic superpowers like China are on a quest for these resources, especially oil to secure its energy sector because China has a resource dependent manufacturing-based economy. In exchange for these resources, China provides infrastructure that can eventually help these countries reach their full potential and transform into super powers. However, due to the deeply rooted corrupt institutions in Nigeria, adequate development has suffered a setback. Corrupt government officials enrich themselves at the cost of the nation's development.

Due to the absence of accountability in the Nigerian government, China is often portrayed as a neo-colonial power whose economy is highly resource dependent. The reason for this is because over the years of increased trade and partnership, one would think that Nigeria will be massively developed but that unfortunately isn't the case. China is usually portrayed as a country that is trying to conquer and exploit the African continent. Although, China is much more developed and independent, the context and circumstances surrounding its expansion on the continent and its policy approach are much different than in the past. China's position in the world economy has changed and the country now plays a major role on the global marketplace. China promoted a common vision of cooperation, economic development and a non-interference policy within African countries, hence, a South-South alliance. Nigeria is portrayed as the giant of Africa, but still lags behind in the development of other sectors such as agriculture, textile and

others, hence, Nigeria needs to diversify its economy so as to avoid being too reliant on oil. As stated earlier, Chinese trade and investment in the agricultural sector in Nigeria is substantially low and this is because China is more focused on the oil and construction sectors. Nigeria's agriculture can learn some development lessons from the successful Chinese agricultural achievement that has helped to reduce poverty.

China is a resource extractive economy. This questions the sustainability of their development aid and investment practices in the long run. Nigeria however can do more business with China because there is much knowledge to be gained from China. However, Nigeria will need to restructure its foreign policy (given the fact that corruption, poor governance and lack of transparency exists) following through on formal trade agreements to accommodate the realities of new emerging economic powers such as China.

Nigeria needs a policy towards China's trade so that the economy can be advanced and emerge an economic super power not just in Africa but worldwide

Sub-Saharan African countries run a trade imbalance (deficit) when China is involved. For example: The Nigerian textile and manufacturing industries face major loss because of the low quality manufactured consumer goods imported from China. The Chinese companies employ African workers however most of these workers are relegated to doing more physical intensive jobs than the Chinese workers, which is already an imbalance. In addition, China uses Nigeria as a dumping ground for its low-quality (cheap and inferior) goods.

The Nigeria and China bilateral relations will be more beneficial when the trade imbalances can be reversed to match this win-win cooperation. Reversal of this trade imbalance means that Nigeria has to be advanced in technology and infrastructure so as to reap the benefits of their trade with China (avoiding a neo-colonialism)

Conclusion:

To conclude, China's emergence as a superpower with a dynamic economy was due to its performance and nationalist actions in important sectors of its economy, such as manufacturing, infrastructure and financial institutions. Trade imbalance in Nigeria exists because of the increasing rate of imports of manufactured goods from China and not specifically due to the foreign policies of China - Unless, the Nigerian government imposes tariffs and subsidies on those imported goods. Nonetheless, Nigeria does have an upper hand in emulating the Chinese model for economic growth and development. This model can advance the manufacturing, oil and gas, agricultural and infrastructural sectors in Nigeria, just to mention a few. Therefore, there is a need to restructure Nigeria's foreign policy to contain emerging independent Western and global economic powers such as China.

Recommendations:

The rise of China as an economic superpower continues to shape the political economy of the world, especially the African continent in important ways. With China's economic stand in the world, Nigeria happens to be one of the best countries to have had bilateral and economic ties with. This research paper has examined the impact of Chinese on the Nigerian economy. Nigeria stands to gain a lot from the China's model of growth and development expertise. From the literature review so far, I make the conclusion that there is more beyond the Chinese quest in the oil sector.

The Nigerian government **should** implement an anti-dumping policy against inferior goods and impose tariffs on manufactured goods imported from China, that way the Nigerian merchants can get in competition with other markets.

The Nigerian government **should** encourage Chinese MNCs to make more investments in major sectors. This can correct the trade imbalance and create more opportunities in the job market for Nigerians. While Chinese investments in the areas of infrastructural development could be crucial to Nigeria's socio-economic development, the skewed trading relationship that has turned Nigeria into a dumping ground for Chinese inferior and substandard products has subdued the development of Nigeria's indigenous sectors. Consequently, Nigeria needs to invest in its manufacturing, agriculture, textile sectors and others because the oil sector alone cannot provide enough jobs to sustain the economy.

The Nigerian Government **should** persuade China to open up a factory for the production and manufacturing of goods in Nigeria and offer the Chinese government a percentage of that business. With a high rate of imports of manufactured goods from China, if there was a similar factory, like the one in China, Nigeria can cut down on its imports of those goods and China can be encouraged to employ Nigerians in this factory so that they can be as effective, efficient and skilled as the Chinese workers. This will positively affect the GDP of Nigeria and the overall economy.

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